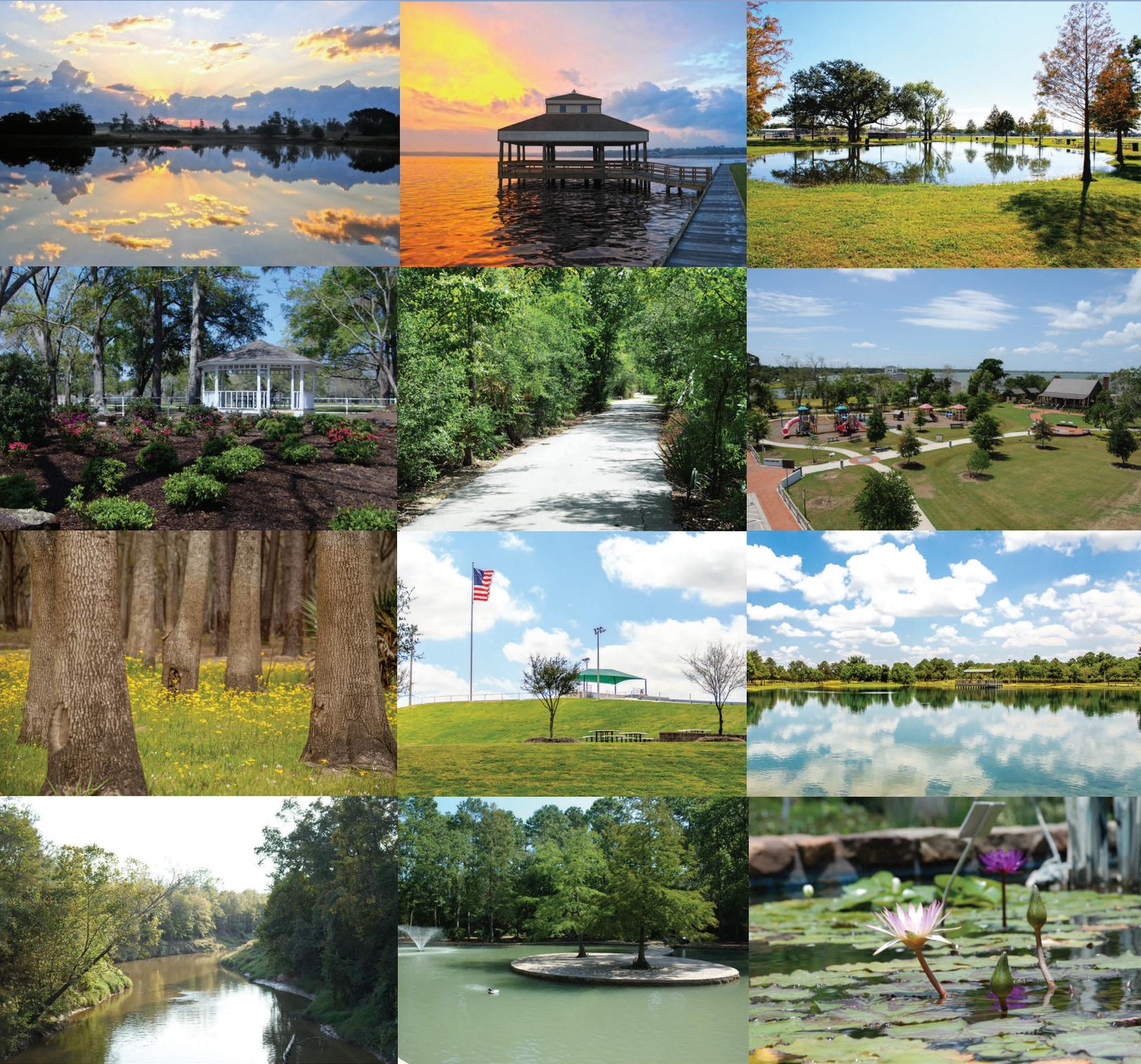




Harris County, Texas

Comprehensive Annual Financial Report



FOR THE YEAR ENDED FEBRUARY 28, 2014

**Barbara J. Schott, CPA
Harris County Auditor**

HARRIS COUNTY, TEXAS

**Comprehensive Annual Financial Report
For The Fiscal Year Ended
February 28, 2014**

**Prepared By:
Barbara J. Schott, C.P.A.
County Auditor
1001 Preston, Suite 800
Houston, Texas 77002**

**HARRIS COUNTY, TEXAS
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 FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2014
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Mike Post, C.P.A.
Chief Assistant County Auditor
Accounting Division

Mark Ledman, CISA, M.P.A.
Chief Assistant County Auditor
Audit Division



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BARBARA J. SCHOTT, C.P.A.
HARRIS COUNTY AUDITOR

August 28, 2014

Honorable District Judges of Harris County, Honorable Members of the Harris County Commissioners Court, and Citizens of Harris County, Texas

The County Auditor's Office (the "Auditor's Office") is pleased to present the Comprehensive Annual Financial Report ("CAFR") of Harris County, Texas (the "County") for the fiscal year ended February 28, 2014. This report is submitted in accordance with Section 114.025 of the Texas Local Government Code and was prepared by the staff of the County Auditor's Office.

The report consists of management's representations concerning the finances of the County. Therefore, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. We believe the information and data contained herein are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the County in accordance with generally accepted accounting principles in the United States of America ("GAAP"). All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included, beginning with Management's Discussion and Analysis ("MD&A") on page 15.

Management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement.

The County's financial statements were audited by Deloitte & Touche LLP, an independent audit firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for fiscal year ended February 28, 2014 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with GAAP in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

PROFILE OF THE COUNTY

History, Geographic Location, and Population

Archeological sites in Harris County reveal evidence of human habitation as far back as 6,000 years ago. In 1528 the Texas Gulf Coast was claimed by Spain and in 1821 the region became part of an independent Mexico. The Mexican government granted Stephen F. Austin permission to establish a colony that included

Harris County and in 1826 John R. Harris, one of the colony's early settlers, opened a store and built a saw mill where Brays Bayou joined Buffalo Bayou. After Texas became independent, Harrisburg County was formed, but in 1839, the County's name was changed to Harris County in honor of John R. Harris.

Harris County is located in the Gulf Coast region of Texas approximately 50 miles from the Gulf of Mexico and covers over 1,700 square miles with over 4.33 million residents. The County, the nation's third most populous, gained over 244,000 residents from the 2010 census to 2013.

County Structure and Services

Harris County is a political subdivision of the State of Texas and the Commissioners Court is the governing body of the County. It is composed of the County Judge elected from the County at large, and four Commissioners, each elected from a separate precinct, all elected for four year terms. The County Judge is the presiding officer of the Commissioners Court.

The County (the primary government) and its component units, solely or in cooperation with other local governmental entities, provide a full range of services as allowed by the Texas Constitution and Statutes including construction and maintenance of roads and bridges, health and housing services, social services, judicial and law enforcement, juvenile and adult justice programs, economic development, a library system, parks, recreation and cultural enrichment, flood control, a sports and entertainment complex, and general administration.

Component Units

The combined financial statements of the County as a financial reporting entity report all activities, organizations, and functions of the County, both as the primary government and its legally separate component units for which (1) the elected officials of the County are financially accountable and/or (2) exclusion of component units activities would cause the County's financial statements to be misleading or incomplete. The County's component units have been reported as blended with the County as the primary government or as discrete (separate) component units, as appropriate. Criteria used by the County for including activities in preparing these financial statements are in conformity with GASB 14, *The Financial Reporting Entity*, GASB 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. Based on the requirements of these accounting standards, the County is financially accountable for the following component units:

- Harris County Flood Control District
- Harris County Industrial Development Corporation
- Harris County Hospital District, dba Harris Health System
- Harris County Juvenile Board
- Harris County Housing Finance Corporation
- Mental Health and Mental Retardation Authority of Harris County
- Harris County Sports and Convention Corporation
- Children's Assessment Center Foundation, Incorporated
- Harris County Health Facilities Development Corporation
- Harris County Cultural Education Facilities Finance Corporation
- Friends of Countypets
- Harris County Redevelopment Authority

Budget Process

In accordance with Chapter 111 of the Local Government Code, the County prepares and adopts an annual operating budget which serves as a financial plan for the new fiscal year beginning March 1. After adoption

of the budget by Commissioners Court, the County Auditor is responsible for ensuring expenditures are made in compliance with budgeted appropriations. The level of budgetary control for the General Fund is at the department level; for other funds budgetary control is implemented at various levels. For example, budgetary control for debt service funds is at the individual bond issue level and budgetary control for special revenue funds is at the fund level. Commissioners Court may also adopt supplemental budgets for the limited purposes of spending grant or aid money, for capital projects through the issuance of bonds, intergovernmental contracts, and new source revenue not anticipated at budget adoption. Purchase orders and contracts are not valid until the County Auditor certifies availability of funds for payment of the obligation. Encumbrance accounting is utilized to ensure effective budgetary control and accountability.

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Local Economy

The Houston – Sugar Land – Baytown Metropolitan Statistical Area (“Houston MSA”), the fifth largest metropolitan area in the United States, had nearly 2.8 million payroll jobs in the fourth quarter of 2013, with 85,800 jobs created in the 12 months ending April 2014. The Houston MSA’s gross area product in 2013 was \$522.9 billion and is expected to more than double from 2015 to 2040, according to the Perryman Group.

The Houston Association of Realtors reported that the inventory of homes in May 2014 was 2.8 months’ supply compared with 3.3 months in May 2013. This lower supply of homes contributed to the jump in the average price of a single-family home to \$280,346 in May 2014, a 9.6 percent increase from May 2013.

Catalysts for growth in Harris County, the Port of Houston and the Houston Ship Channel are vibrant components of the regional economy. The Port of Houston is a 25-mile-long complex of diversified public and private facilities along the Houston Ship Channel. In 2011, the Port was ranked first in the United States in the volume of foreign tonnage and second in the United States in total tonnage.

The Houston Ship Channel is a 52-mile inland waterway which connects Houston to the Bay of Galveston, the Gulf Intra-coastal Waterway, and the Gulf of Mexico. It traces its origin to early trade on Buffalo Bayou and in 1837, the first steamboat, the *Laura*, ascended Buffalo Bayou to the town of Houston. Deepened and widened over the years, the Houston Ship Channel has become one of the busiest waterways in the United States and is home to the largest petrochemical complex in the world.

In addition to the County’s moderate climate and diverse economic base, it offers a modern and efficient infrastructure for people working and doing business in the County. This includes local government that encourages business development, high capacity freeways, major rail lines, and state of the art telecommunication services. George Bush Intercontinental Airport, located approximately 23 miles north of downtown Houston, is the eleventh busiest airport in the U.S. for total passenger traffic and the eleventh largest international air cargo gateway.

As of the 2010 U.S. Census, Harris County had a population of 4.1 million, making it the most populous county in Texas and the third most populous county in the United States, ranking behind Los Angeles County, California and Cook County, Illinois. Twenty-six companies on the 2014 *Fortune 500* list are headquartered in the Houston – Sugar Land – Baytown Metropolitan Statistical Area. Only two metropolitan statistical areas have more *Fortune 500* headquarters: New York with 72 and Chicago with 33.

The cost of living in Houston is among the lowest of all urban settings in the United States. According to the *2013 Annual Average Council for Community and Economic Research Cost of Living Index*, Houston has the third lowest cost of living among the nation’s 20 most populous metropolitan areas. Houston’s housing costs are 5.6 percent below the average for all 308 urban areas participating in the survey, largely due to affordable housing costs.

Educational opportunities play a key role in Harris County's quality of life. The County has a number of acclaimed school districts and outstanding colleges and universities. Major institutions of higher learning include Rice University, Texas Southern University, University of Houston, University of St. Thomas and Houston Baptist University. Houston's three medical schools are the University of Texas Medical School, Baylor College of Medicine, and the Houston Campus of the Texas A&M Health Science Center College of Medicine.

The County's major hospitals consistently rank among the nation's top institutions. Many of these facilities are located in the Texas Medical Center, a non-profit organization devoted to health education, research and patient care. Located just south of downtown Houston, the Texas Medical Center includes three medical schools, six nursing schools, two schools of pharmacy, and schools of dentistry and public health. The Texas Medical Center is at the forefront of research and treatment of cancer and heart disease.

Cultural attractions within Houston include a thriving theater district and numerous museums. Year-round resident companies in the major performing arts include the Houston Symphony Orchestra, the Houston Grand Opera, the Houston Ballet, and the Alley Theater. Major museums include the Museum of Fine Arts, the Contemporary Arts Museum, and the Menil Collection.

Financial Policies and Long-Term Financial Planning

Some of the County's financial policies and strategies are:

- The County will continue to focus on building reserves to maintain financial stability, maintain current high bond ratings and continue to reduce the need for short-term borrowing under tax anticipation notes;
- Tax anticipation notes for annual cash flow purposes will be issued for the general operating fund; and
- A new Repair and Replacement Committee will be established to accumulate, evaluate and prioritize repair and replacement projects and make recommendations to Court.

The County is responsible for setting the tax rates for the County, the Flood Control District, the Hospital District, and Port of Houston Authority (debt service only). Tax rates are levied for maintenance and operations and debt service requirements relative to General Obligation Bonds, Certificates of Obligation, Revenue Bonds and Commercial Paper. The respective tax rates which were adopted in 2013 for the County per \$100 of taxable value are: \$0.34000 for the General Fund, \$0.00547 for the Public Improvement Contingency Fund, and \$0.06908 for debt service, for a total of \$0.41455.

Funds available for investment under the County's investment program as of February 28, 2014 totaled \$2.9 billion with investment earnings for the fiscal year of \$11.9 million. The average yield and maturity of such investments were 0.61% and 1-15 years.

The Risk Management Department is responsible for assessing the County's exposure to risk and obtaining coverage against that risk. The County is self-insured for group medical benefits as well as for workers' compensation medical and indemnity payments and is self-funded for dental and vision coverage provided under the employees' health insurance program. Additional information regarding the County's risk management program can be found in Note 14 of the notes to the financial statements.

The County provides retirement, disability, and death benefits for all of its employees (excluding temporary) through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The County has elected the annually determined contribution rate ("ADCR") plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the County's

contribution rate is actuarially determined annually. The contribution rate payable by the employee members for fiscal year 2014 was 6%. In addition to providing retirement benefits, the County provides certain healthcare and life insurance benefits for retired employees. Additional information regarding the County's retirement plan and other post-employment benefits can be found in Notes 12 and 13 of the notes to the financial statements.

Major Initiatives

Flood Control District - The District has a five-year capital project plan that assumes availability of \$60 million per year. Planned projects are designed to reduce flood risks within the County.

Toll Road Authority - The Authority continues moving forward on projects authorized by Commissioners Court including the Hardy Toll Road Downtown Connector and widening portions of the Sam Houston Tollway. Harris County also plans to contribute \$200 million towards the Texas Department of Transportation's reconstruction of U.S. 290.

Precinct Roads – An estimated \$219 million of funding is available but not yet assigned for precinct road projects through the General and Mobility Funds, road bond proceeds and other sources, including the METRO General Mobility Program.

County Buildings - Various County facility projects are underway or are being considered. Some of the projects and estimated costs include the following:

- New Institute of Forensic Science facility \$70,000,000
- Harris County Administrative Building facade renovation \$ 8,000,000
- Burnett-Bayland gymnasium \$ 3,140,000

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended February 28, 2013. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last forty years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it for review to GFOA.

The timely completion of this report could not have been achieved without the dedicated efforts of the County Auditor's staff, and the professional services provided by our independent auditors, Deloitte & Touche LLP. I wish to express my gratitude to the Commissioners Court, District Judges, and other County officials and departments for their interest and support in planning and conducting the financial affairs of the County in a responsible and professional manner.

REQUEST FOR INFORMATION

This financial report is designed to provide an overview of the County's finances for individuals who are interested in this information. Questions concerning any of the data provided in this report should be addressed to the County Auditor's Office, 1001 Preston Suite 800, Houston, Texas 77002. Additional financial information is provided on the County Auditor's webpage which can be accessed from the County's website, www.co.harris.tx.us.

Barbara J. Schott, C.P.A.
County Auditor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Harris County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

February 28, 2013

Executive Director/CEO

Harris County Organization Chart



(1) Facilities & Property Management were under Public Infrastructure prior to 3/1/12.

* The County Auditor is appointed by the Board of District Judges.
 ** The Purchasing Agent is appointed by the Purchasing Board which is composed of three judges of the District Courts and two members of Commissioners Court.

HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
February 28, 2014

Commissioner's Court

County Judge Emmett, Edward
 Precinct 1 Lee, El Franco
 Precinct 2 Morman, Jack
 Precinct 3 Radack, Steve
 Precinct 4 Cagle, R. Jack

Sheriff Garcia, Adrian

District Attorney Anderson, Mike (deceased August 31, 2013)
 Anderson, Devon (appointed Sept. 25, 2013)

County Attorney Ryan, Vince

Tax Assessor/Collector Sullivan, Mike

District Clerk Daniel, Chris

County Clerk Stanart, Stan

County Treasurer Sanchez, Orlando

Justices of the Peace

Precinct 1, Position 1 Gorczynski, Dale M.
 Precinct 1, Position 2 Patronella, David M.
 Precinct 2, Position 1 Delgado, JoAnn
 Precinct 2, Position 2 Risner, George E.
 Precinct 3, Position 1 Parrott, Mike
 Precinct 3, Position 2 Coffey, Don
 Precinct 4, Position 1 Adams, J. Kent
 Precinct 4, Position 2 Lawrence, Tom
 Precinct 5, Position 1 Ridgway, Russ
 Precinct 5, Position 2 Williams, Jeffrey S.
 Precinct 6, Position 1 Vara, Richard C.
 Precinct 6, Position 2 Rodriguez, Armando V.
 Precinct 7, Position 1 Green, Hilary
 Precinct 7, Position 2 Burney, Zinetta
 Precinct 8, Position 1 Williamson, Holly
 Precinct 8, Position 2 Ditta, Louie

Constables

Precinct 1 Rosen, Alan
 Precinct 2 Diaz, Christopher E.
 Precinct 3 Jones, Ken
 Precinct 4 Hickman, Ron
 Precinct 5 Camus, Phil
 Precinct 6 Trevino, Victor
 Precinct 7 Walker, May
 Precinct 8 Sandlin, Phil

District Judges - Civil Courts

11th District Court
 55th District Court
 61st District Court
 80th District Court
 113th District Court
 125th District Court
 127th District Court
 129th District Court
 133rd District Court
 151st District Court
 152nd District Court
 157th District Court
 164th District Court
 165th District Court
 189th District Court
 190th District Court
 215th District Court
 234th District Court
 269th District Court
 270th District Court
 281st District Court
 295th District Court
 333rd District Court
 334th District Court

District Judges - Criminal Courts

174th District Court
 176th District Court
 177th District Court
 178th District Court
 179th District Court
 180th District Court
 182nd District Court
 183rd District Court
 184th District Court
 185th District Court
 208th District Court
 209th District Court
 228th District Court
 230th District Court
 232nd District Court
 248th District Court
 262nd District Court
 263rd District Court
 337th District Court
 338th District Court
 339th District Court
 351st District Court

Miller, Mike
 Shadwick, Jeff
 Bennett, Al
 Weiman, Larry
 Landrum Michael
 Carter, Kyle
 Sandill, R.K.
 Gomez, Michael
 McFarland, Jaclanel
 Engelhart, Mike
 Schaffer, Robert
 Wilson, Randy
 Smoots-Hogan, Alexandra
 Ray, Elizabeth
 Burke, Bill
 Kerrigan, Patricia J.
 Palmer, Elaine H.
 Ward, Wesley
 Hinde, Dan
 Gamble, Brent
 Matthews, Sylvia A.
 Baker, Caroline E.
 Halbach, Joseph J. "Tad" Jr.
 Wise, Kenneth P (resigned October 10, 2013)
 Dorfman, Grant (appointed October 14, 2013)

Guerrero, Ruben
 Bond, Stacey W.
 Patrick, Ryan
 Mendoza, David
 Guiney, Kristin M.
 Brown, Marc (resigned October 9, 2013)
 Evans, Catherine (appointed October 11, 2013)
 Barr, Jeannine
 Velasquez, Vanessa
 Krockner, Jan
 Brown, Susan
 Collins, Denise
 McSpadden, Michael
 Carter, Marc
 Hart, Brad
 Keel, Mary Lou
 Cabaniss, Katherine
 Bradley, Denise
 Wallace, Jim
 Magee, Renee
 Thomas, Brock
 Jackson, Maria T.
 Ellis, Mark Kent

HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
February 28, 2014

District Judges - Family Courts

245th District Court Moore, Roy L.
 246th District Court York, Jim
 247th District Court Hellums, Bonnie Crane
 257th District Court Warne, Judy
 280th District Court Bradshaw-Hull, Lynn
 308th District Court Lombardino, James
 309th District Court Dean, Sheri Y.
 310th District Court Millard, Lisa
 311th District Court Pratt, Denise (resigned March 28, 2014)
 Franklin, Alicia (appointed June 13, 2014)
 312th District Court Farr, David

District Judges - Juvenile Courts

313th District Court Devlin, Glenn
 314th District Court Phillips, John
 315th District Court Schneider, Michael

County Courts - Civil

Court at Law No. 1 Mayfield, Debra Ibarra
 Court at Law No. 2 Chang, Theresa
 Court at Law No. 3 Storey, Linda
 Court at Law No. 4 Lloyd, Roberta A.

County Courts - Criminal

Court at Law No. 1 Goodhart, Paula
 Court at Law No. 2 Harmon, Bill
 Court at Law No. 3 Fleming, Natalie C.
 Court at Law No. 4 Clinton, John
 Court at Law No. 5 Harris, Margaret
 Court at Law No. 6 Standley, Larry
 Court at Law No. 7 Derbyshire, Pam
 Court at Law No. 8 Karahan, Jay
 Court at Law No. 9 Wilkerson, Analia
 Court at Law No. 10 Ross, Sherman
 Court at Law No. 11 Bull, Diane
 Court at Law No. 12 Brown, Robin
 Court at Law No. 13 Smyth, Don
 Court at Law No. 14 Fields, Michael R.
 Court at Law No. 15 Hughes, Jean Sprading

Probate Courts

Court No. 1 Wright, Loyd
 Court No. 2 Wood, Mike
 Court No. 3 Olsen, Rory R.
 Court No. 4 Butts, Christine

Court of Appeals

1st Court of Appeals Radack, Sherry, Chief Justice
 14th Court of Appeals Hedges, Adele, Chief Justice (retired September 4, 2013)
 Frost, Kem T., Chief Justice (appointed September 25, 2013)

SELECTED APPOINTED OFFICIALS

Admin. Offices of The District Courts
 County Criminal Courts at Law Mgm't
 Information Technology Center
 Children's Assessment Center
 Protective Services for Children and Adults
 Texas AgriLife Extension-Harris County
 County Auditor
 County Library
 Pre Trial Services

Domestic Relations
 Greater Harris Co. 9-1-1 Emergency Network
 Fire and Emergency Services
 Community Services Department
 Juvenile Probation
 Management Services
 Institute of Forensic Sciences (ME)
 Public Health & Environmental Services
 Public Infrastructure Department
 Purchasing
 Sheriff Civil Services

Bowman, Clay
 Wells, Ed
 High, Bruce
 Stolte, Elaine
 Ford, George
 Williams-Willis, Linda
 Schott, Barbara J.
 Lucik, Ron, (Interim)
 Oeller, Carol (retired September 30, 2013)
 Dennis Potts (Interim, appointed October 19, 2013)
 Simpson, David W.
 Rau, Russell
 Montgomery, Michael S.
 Turkel, David B.
 Brooks, Tom
 Jackson, William J.
 Sanchez, Luis A. MD
 Shah, Umair A., MD
 Storey, Arthur L., Jr
 Dopslauf, DeWight
 Mims, William H. Jr.

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INDEPENDENT AUDITORS' REPORT

County Judge Ed Emmett
and Members of Commissioners Court of Harris County, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Texas (the "County"), as of and for the year ended February 28, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units which statements reflect 100% of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Harris County Sports & Convention Corporation, a blended component unit, were audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards*. The financial statements of the Harris County Housing Finance Corporation, and the Harris County Industrial Development Corporation, discretely presented component units, were audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Texas, as of February 28, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15-28, Schedule of Available Resources – Budget and Actual Budgetary Basis – General Fund; the Schedule of Expenditures and Other Uses – Budget and Actual – Budgetary Basis – General Fund; Other Post-Employment Benefits – Schedule of Funding Progress; and the Texas County and District Retirement System – Schedule of Funding Progress on pages 99-107 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Combining and Individual Fund Information and Other Supplementary Information; Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas *Uniform Grant Management Standards*; the Introductory Section; and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Information and Other Supplementary Information; and the Schedule of Expenditures of Federal and State Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Information and Other Supplementary Information and the Schedule of Expenditures of Federal and State Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Deloitte & Touche LLP

August 28, 2014

***Harris County, Texas
Management's Discussion and Analysis (Unaudited)***

This section of the Harris County, Texas (the "County") Comprehensive Annual Financial Report ("CAFR") presents a narrative overview and analysis of the financial activities of the primary government for the fiscal year ended February 28, 2014. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

Government-wide

The total government-wide assets of the County exceeded the liabilities at February 28, 2014 by \$10,644,656,289. This is an increase of \$200,544,002 from the previous year when assets exceeded liabilities by \$10,444,112,287 (restated, Note 1 to the Financial Statements).

Total net position of the primary government is comprised of the following:

- (1) Net investment in capital assets, of \$9,045,741,814 includes land, improvements, buildings, infrastructure, intangible assets, construction in progress, and other capital assets, net of accumulated depreciation/amortization, and is reduced by outstanding debt, net of unspent proceeds, related to the purchase or construction of capital assets.
- (2) Net position of \$1,402,817,773 is restricted by constraints imposed from outside the County such as debt obligations, laws, or regulations, including restrictions related to Toll Road and Mobility funds.
- (3) Unrestricted net position of \$196,096,702 represents the portion available to meet ongoing obligations to citizens and creditors.

Governmental Fund Financial Statements

- As of February 28, 2014, County governmental funds reported combined fund balances of \$1,383,793,425. This reflects an increase of \$241,613,134 from the previous fiscal year. The current year total consists of combined nonspendable fund balance of \$19,979,217, restricted fund balance of \$960,422,586, committed fund balance of \$33,471,027, assigned fund balance of \$14,622,478, and unassigned fund balances of \$355,298,117 for fiscal year 2014.
- The General Fund is used to account for the general operations of the County, limited-tax permanent improvement debt service of the County, public improvement contingencies, and the mobility program. At the end of the fiscal year, the unassigned fund balance of the County's General Fund was \$355,856,709. The General Fund had a nonspendable fund balance of \$5,134,304, restricted fund balance of \$429,371,890, committed fund balance of \$2,507,640 and assigned fund balance of \$14,622,478 at February 28, 2014.
- During the fiscal year, the Harris County Toll Road Authority transferred \$120 million of surplus toll road revenue to the mobility program which is accounted for within the General Fund. Mobility program monies are restricted by Section 284.0031 of the Texas Transportation Code for the study, design, construction, maintenance, repair or operation of roads, streets, highways, or other related facilities. The mobility program may not be used for the general operations of the County. The General Fund's cash and investment balance at February 28, 2014 includes \$255.6 million that belongs to the mobility program. Because of the legal restrictions imposed on the mobility program, \$247,067,162 of the General Fund fund balance is restricted for mobility at February 28, 2014.
- The nonmajor governmental funds had total combined fund balances of \$576,300,404 at February 28, 2014. Of this amount, \$14,844,913 is nonspendable, \$531,050,696 is restricted (\$221,791,256 for special revenue funds, \$71,937,984 for debt service and \$237,321,456 for capital projects funds), \$30,963,387 is committed, and negative \$558,592 is unassigned.

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

Long-Term Debt

The County issues debt to finance an ongoing capital improvement program. During fiscal year 2013-2014, the County issued \$70.2 million in commercial paper. Note 10 to the financial statements provides details of long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which are comprised of the following three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements. This report also contains other supplementary information.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all County assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two representing net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial condition of the County.

The Statement of Activities presents information that indicates how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include administration of justice, parks, county administration, health and human services, flood control, tax administration, and roads and bridges. The business-type activities of the County include toll road, subscriber access, parking facilities, and sheriff's commissary fund activities.

Component units are included in the basic financial statements. Component units are legally separate organizations for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The County's component units have been reported as blended with the County as the primary government or as discrete (separate) component units, as appropriate. The following component units have been included in this year's report: Harris County Flood Control District, Harris County Juvenile Board, Harris County Sports and Convention Corporation, Harris County Redevelopment Authority, Harris County Hospital District, dba Harris Health System, Harris County Housing Finance Corporation, Mental Health and Mental Retardation Authority of Harris County, Harris County Industrial Development Corporation, Children's Assessment Center Foundation, Inc., Harris County Health Facilities Development Corporation, Harris County Cultural Education Facilities Finance Corporation, and Friends of CountyPets. For more detailed information on these component units, refer to Note 1A of the basic financial statements.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

***Harris County, Texas
Management's Discussion and Analysis (Unaudited)***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County reports 72 governmental funds, which in some cases are aggregated individual funds (e.g., grant funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major governmental funds. Data from other governmental funds are combined into a single aggregated presentation.

Proprietary funds are used for two purposes: Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Also, the County uses enterprise funds to account for toll road operations, computer access to certain District Clerk records, acquisition, operation and maintenance of parking facilities, and operation of a commissary for jail inmates. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its maintenance of County vehicles, operation of County radios, operation of the printing shop services provided by inmates, workers compensation, health insurance and other risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Toll Road Authority fund is considered to be a major fund of the County. The Subscriber Access, Parking Facilities, and Sheriff's Commissary funds are combined as nonmajor enterprise funds for the basic financial statements, but are presented individually in the fund financial statements that follow the required supplementary information. The County's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County's fiduciary funds are comprised of 18 agency funds. Agency funds are used to report resources held by the County in a purely custodial capacity (assets equal liabilities) and therefore do not involve measurement of results of operations.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 41 of this report.

Required Supplementary Information for the County's General Fund budgetary schedule is presented herein. The County adopts an annual budget for this fund. A budgetary comparison schedule, which includes the original and final amended budget and actual figures, has been provided to demonstrate compliance with this budget. Also presented in this section are the Schedule of Funding Progress for Other Post Employment

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

Benefits and the Schedule of Funding Progress for the Texas County and District Retirement System. Required supplementary information can be found beginning on page 99 of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$10,644,656,289 for fiscal year 2014 and \$10,444,112,287 (restated, Note 1 to the Financial Statements) for fiscal year 2013. Revenues exceeded expenses during the current year, increasing net position by \$200,544,002.

Condensed Statement of Net Position
February 28, 2014
(Amounts in thousands)

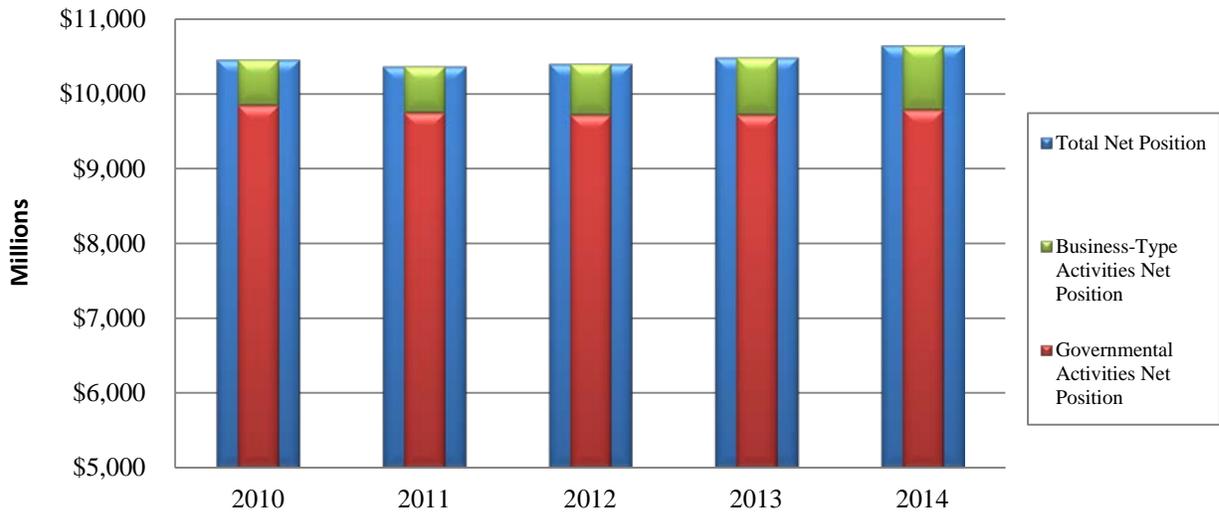
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,790,503	\$ 1,270,566	\$ 3,061,069
Capital assets	11,712,172	2,144,380	13,856,552
Total assets	<u>13,502,675</u>	<u>3,414,946</u>	<u>16,917,621</u>
Deferred outflows of resources	61,802	66,732	128,534
Current and other liabilities	280,819	97,598	378,417
Long-term liabilities (including current portion)	3,499,211	2,467,332	5,966,543
Total liabilities	<u>3,780,030</u>	<u>2,564,930</u>	<u>6,344,960</u>
Deferred inflows of resources	-	56,539	56,539
Net position:			
Net investment in capital assets	9,099,960	(54,218)	9,045,742
Restricted	500,345	902,473	1,402,818
Unrestricted	184,142	11,954	196,096
Total net position	<u>\$ 9,784,447</u>	<u>\$ 860,209</u>	<u>\$ 10,644,656</u>

Condensed Statement of Net Position
February 28, 2013
(Amounts in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,585,694	\$ 1,354,726	\$ 2,940,420
Capital assets	11,802,995	2,011,138	13,814,133
Total assets	<u>13,388,689</u>	<u>3,365,864</u>	<u>16,754,553</u>
Deferred outflows of resources	70,228	121,891	192,119
Current and other liabilities	305,839	82,714	388,553
Long-term liabilities (including current portion)	3,454,352	2,580,402	6,034,754
Total liabilities	<u>3,760,191</u>	<u>2,663,116</u>	<u>6,423,307</u>
Deferred inflows of resources	-	79,253	79,253
Net position:			
Net investment in capital assets	9,221,791	(230,758)	8,991,033
Restricted	417,632	968,049	1,385,681
Unrestricted	59,303	8,095	67,398
Total net position (restated*)	<u>\$ 9,698,726</u>	<u>\$ 745,386</u>	<u>\$ 10,444,112</u>

*See Note 1 to the financial statements regarding the restatement of net position.

Change in Net Position



The largest portion of the County's current fiscal year net position, \$9,045,741,814, is invested in capital assets (e.g. land, improvements, buildings, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The primary use of these capital assets is to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The increase of \$54,707,929 in the County's net position net investment in capital assets, is comprised of \$42,419,034 increase in capital assets with an offsetting decrease of \$66,272,888 in debt related to capital assets and a decrease of unspent debt proceeds of \$53,983,993.

Another portion of the County's current fiscal year net position, \$196,096,702, represents unrestricted net position, which is available to meet the County's ongoing unrestricted obligations to citizens and creditors. The remaining balance of net position represents resources that are subject to external restrictions on how they may be used. A large portion of the restricted net position, \$581,704,580 is for use for the ongoing obligations of the Toll Road Authority. Restricted net position of \$247,067,162 is related to the mobility program and is restricted because of legal constraints imposed by the Texas Transportation Code; these funds can only be used for mobility purposes. Other restrictions include \$518,954,169 for debt service payments, \$18,098,267 for capital projects, \$29,742,132 for operating reserve per bond covenants, \$479,613 for grant programs and \$6,771,850 for legislative restricted net position.

At the end of the current fiscal year, the County reported positive net position in all three categories of net position for its governmental activities and positive net position in two of the three categories for its business-type activities. Net position net investment in capital assets for business-type activities was negative \$54,217,968 primarily due to the refunding of debt extending the repayment of the debt beyond the useful life of the assets.

The following table indicates changes in net position for governmental and business-type activities:

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

Condensed Statement of Activities
(In Thousands)
For the Year Ended February 28, 2014
Primary Government

	Governmental Activities	Business-type Activities	Total
REVENUES			
Program revenues:			
Charges for Services	\$ 272,206	\$ 623,853	\$ 896,059
Operating Grants and Contributions	259,745	2,471	262,216
Capital Grants and Contributions	192,603	-	192,603
General revenues:			
Taxes-levied for General Purposes	1,164,588	-	1,164,588
Taxes-levied for Debt Services	216,061	-	216,061
Hotel Occupancy Tax	36,409	-	36,409
Investment Earnings	6,845	5,063	11,908
Miscellaneous	30,653	1,088	31,741
Total revenues	<u>2,179,110</u>	<u>632,475</u>	<u>2,811,585</u>
EXPENSES			
Administration of Justice	962,194	-	962,194
Parks	108,904	-	108,904
County Administration	336,266	-	336,266
Health and Human Services	188,705	-	188,705
Flood Control	92,845	-	92,845
Tax Administration	34,838	-	34,838
Roads and Bridges	372,922	-	372,922
Interest and Fiscal Charges	117,763	-	117,763
Toll Road	-	386,005	386,005
Subscriber Access	-	3	3
Parking Facilities	-	2,243	2,243
Sheriff's Commissary	-	8,353	8,353
Total expenses	<u>2,214,437</u>	<u>396,604</u>	<u>2,611,041</u>
Excess (deficiency) before other items and transfers	(35,327)	235,871	200,544
Transfers	121,048	(121,048)	-
Change in net position	85,721	114,823	200,544
Net position - beginning (restated*)	9,698,726	745,386	10,444,112
Net position - ending	<u>\$ 9,784,447</u>	<u>\$ 860,209</u>	<u>\$ 10,644,656</u>

*See Note 1 to the financial statements regarding the restatement of beginning net position.

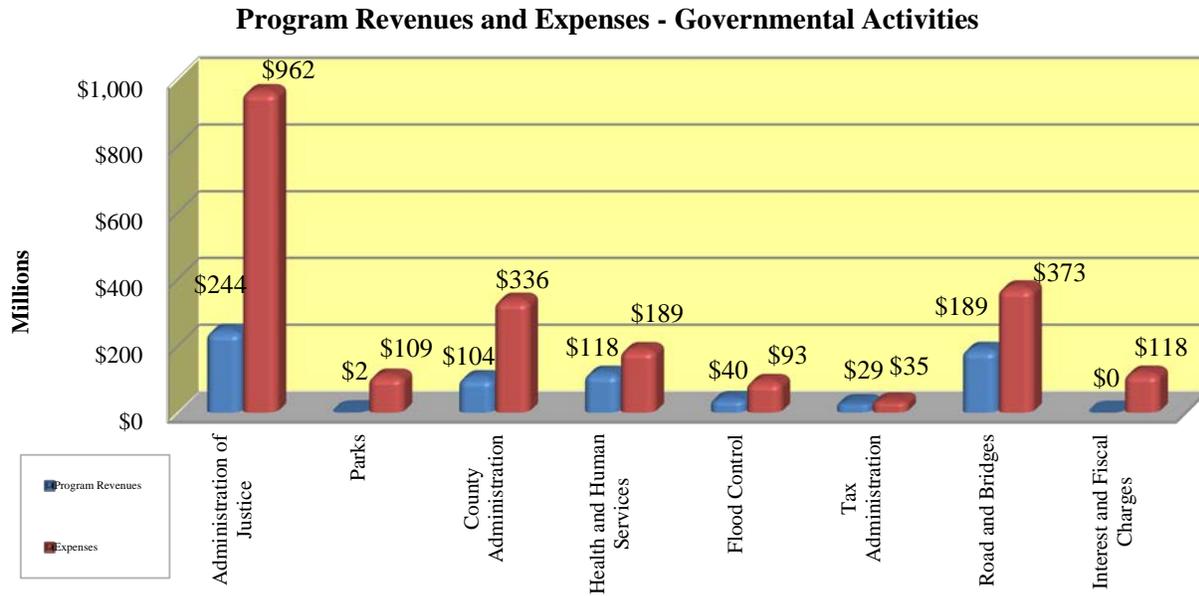
Harris County, Texas
Management's Discussion and Analysis (Unaudited)

Condensed Statement of Activities
(In Thousands)
For the Year Ended February 28, 2013
Primary Government

	Governmental Activities	Business-type Activities	Total
REVENUES			
Program revenues:			
Charges for Services	\$ 275,796	\$ 568,782	\$ 844,578
Operating Grants and Contributions	229,526	634	230,160
Capital Grants and Contributions	152,328	-	152,328
General revenues:			
Taxes-levied for General Purposes	1,053,604	-	1,053,604
Taxes-levied for Debt Services	196,354	-	196,354
Hotel Occupancy Tax	29,917	-	29,917
Investment Earnings	7,816	27,076	34,892
Miscellaneous	57,154	790	57,944
Total revenues	<u>2,002,495</u>	<u>597,282</u>	<u>2,599,777</u>
EXPENSES			
Administration of Justice	901,902	-	901,902
Parks	90,629	-	90,629
County Administration	290,415	-	290,415
Health and Human Services	189,798	-	189,798
Flood Control	98,788	-	98,788
Tax Administration	33,834	-	33,834
Roads and Bridges	390,227	-	390,227
Interest and Fiscal Charges	122,995	-	122,995
Toll Road	-	383,226	383,226
Subscriber Access	-	402	402
Parking Facilities	-	764	764
Sheriff's Commissary	-	8,540	8,540
Total expenses	<u>2,118,588</u>	<u>392,932</u>	<u>2,511,520</u>
Excess (deficiency) before other items and transfers	(116,093)	204,350	88,257
Transfers	119,949	(119,949)	-
Change in net position	3,856	84,401	88,257
Net position - beginning	9,694,870	660,985	10,355,855
Net position - ending (restated*)	<u>\$ 9,698,726</u>	<u>\$ 745,386</u>	<u>\$ 10,444,112</u>

* See Note 1 to the financial statements regarding the restatement of net position.

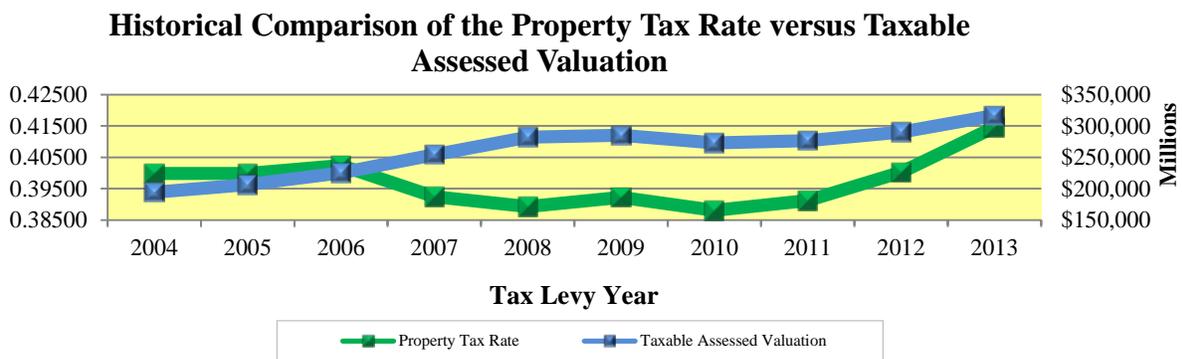
Harris County, Texas
Management's Discussion and Analysis (Unaudited)



Revenues

For fiscal year ended February 28, 2014, revenues for the primary government totaled \$2,811,584,157. The revenues are categorized by activity type: governmental activities totaled \$2,179,109,493 and business-type activities totaled \$632,474,664.

Property and Hotel Occupancy Taxes of \$1,417,057,820 were one of the largest revenue sources for governmental activities and 50% of total revenues, which is a \$137M increase from prior year taxes of \$1,279,874,287. The tax rate was \$.41455 per \$100 of assessed value for fiscal year 2014. The taxable assessed value increased in fiscal year 2014 to \$316,521,841,000 from the taxable assessed value in the prior fiscal year of \$290,501,987,000.

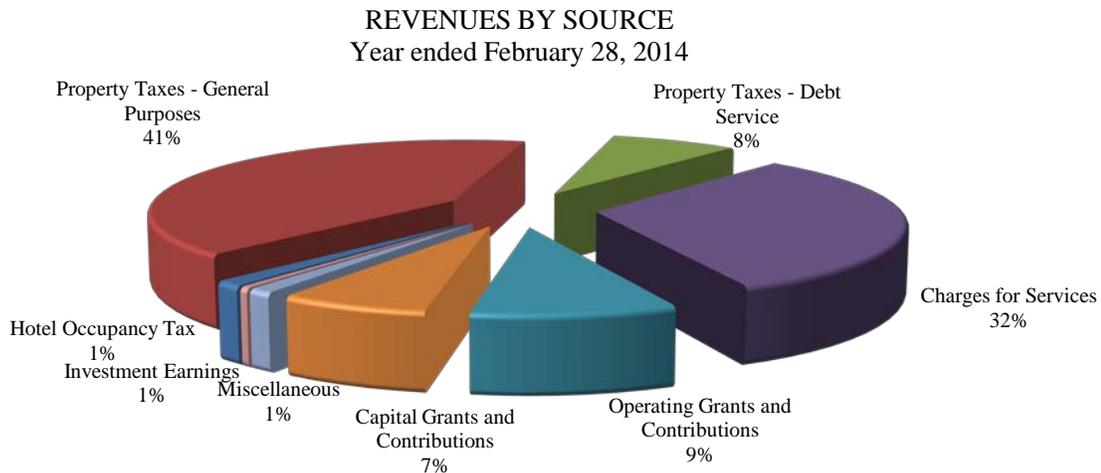


Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues were \$1,350,877,284 or 48% of total revenues, which increased \$123,811,578 compared to the prior year. The largest portion of program revenues is Charges for Services of \$896,058,698 (32%). Of that \$272,205,738 is from governmental activities, which includes fees collected by the tax collector, automobile registration, and charges for patrol services. The business-type Charges for Services were \$623,852,960 (an increase of \$55,070,558 from the prior year), which are primarily toll road receipts. The

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

other portions of program revenues are Operating Grants and Contributions of \$262,215,383 (9%) and Capital Grants and Contributions of \$192,603,203 (7%). Capital Grants and Contributions increased \$40,275,745 from the prior year, partially due to an increase receipts from the Army Corps of Engineers related to the Brays Bayou Flood Control project in the current year.

General revenues are revenues that cannot be assigned to a specific function. They consist of taxes (previously discussed), Earnings on Investments of \$11,908,276 (1% of total revenues), and Miscellaneous income of \$31,740,777 (1% of total revenues).



Expenses

For fiscal year ended February 28, 2014, expenses for the primary government totaled \$2,611,040,155. These expenses are divided by activity type: governmental activities of \$2,214,436,607 and business-type activities of \$396,603,548.

The County's largest governmental activities function is Administration of Justice. The main components of this function are the civil and criminal courts and the Sheriff's Office. Total expenses for this activity were \$962,193,996 and were 37% of total expenses. The expenses can be attributed to salaries, fringe benefits, costs of housing and trial of inmates, and fuel costs for patrol vehicles.

The expenses for the Roads and Bridges governmental activities function were \$372,921,993 or 14% of total expenses. The County owns and maintains over six thousand miles of roads and bridges.

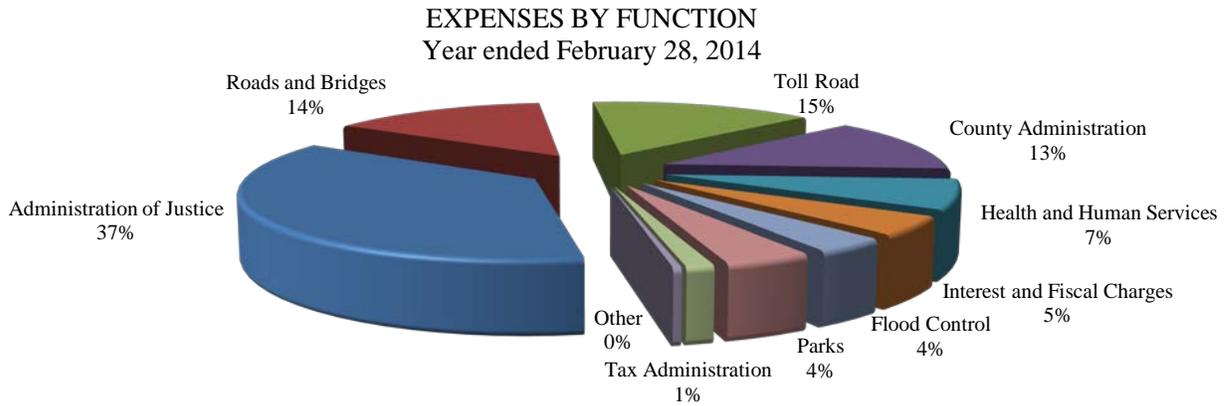
The County Administration governmental activities function expenses were \$336,266,081 or 13% of total expenses. This is an increase of \$45.9 million from the prior fiscal year which is partially due to increases in salaries, fringe benefits, software license agreements, temporary personnel, equipment under \$5,000, and grant work related to expansion of the Houston Transtar building.

The Toll Road business-type activities function expenses were \$386,004,528 or 15% of total expenses. 24% is attributable to interest and fees incurred on outstanding debt balances. Expenses for other business-type activities were \$10,599,020 and were less than 1% of total expenses. These activities are for Subscriber Access, Parking Facilities and Sheriff's Commissary.

The Interest and Fiscal Charges governmental activities functional expenses of \$117,762,484 constituted 5% of total expenses and decreased \$7,767,464.

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

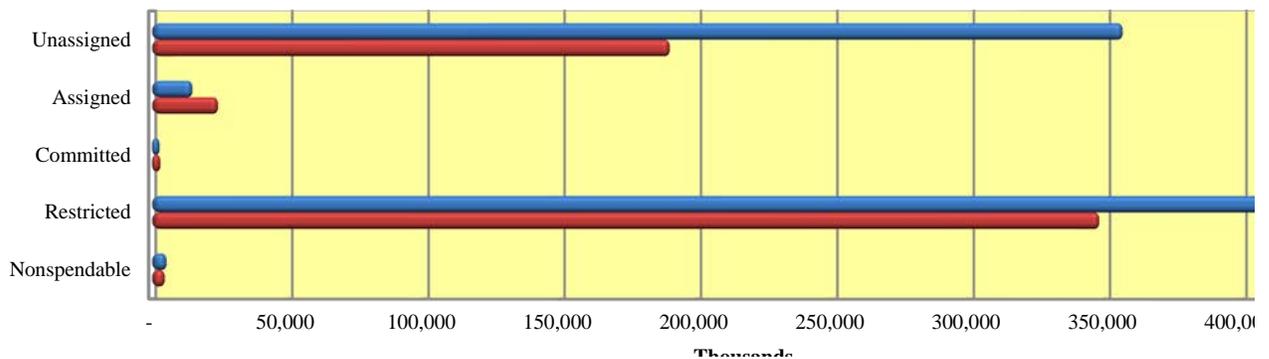
The remaining governmental activities functions are Health and Human Services with expenses of \$188,704,484 or 7%, which includes operation of the County libraries, Flood Control with expenses of \$92,845,268 or 4%, Parks with expenses of \$108,904,452 or 4%, and Tax Administration with expenses of \$34,837,849 or 1%.



FINANCIAL ANALYSIS OF MAJOR FUNDS

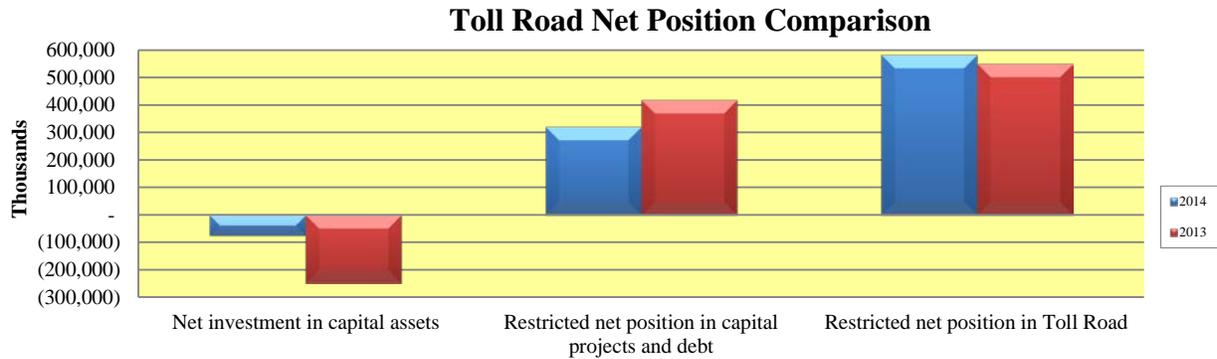
The General Fund is the County's chief operating fund and major governmental fund. For the year ended February 28, 2014, the General Fund reported a net fund balance increase of \$239,062,413 largely due an increase in the fund balance of the mobility sub-fund and general operating fund. The General Fund total fund balance is \$807,493,021 for the fiscal year of which \$5,134,304 is nonspendable, \$429,371,890 is restricted, \$2,507,640 is committed, \$14,622,478 is assigned, and the remaining \$355,856,709 is unassigned and available the County's current and future needs.

General Fund Components of Fund Balance



The Toll Road Fund was the County's only major proprietary fund at February 28, 2014. This fund is used to account for the acquisition, operation, and maintenance of County toll roads. As of February 28, 2014, net position net investment in capital assets was a negative \$73,688,301, and restricted net position was \$902,472,665. Net investment in capital assets increased from a February 28, 2013 balance of negative \$248,533,028. Net position net investment in capital assets for both years was negative, primarily due to the refunding of debt which extended the repayment of the debt beyond the useful life of the assets. Restricted net position is considered restricted due to debt obligations, capital projects and Toll Road operations.

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

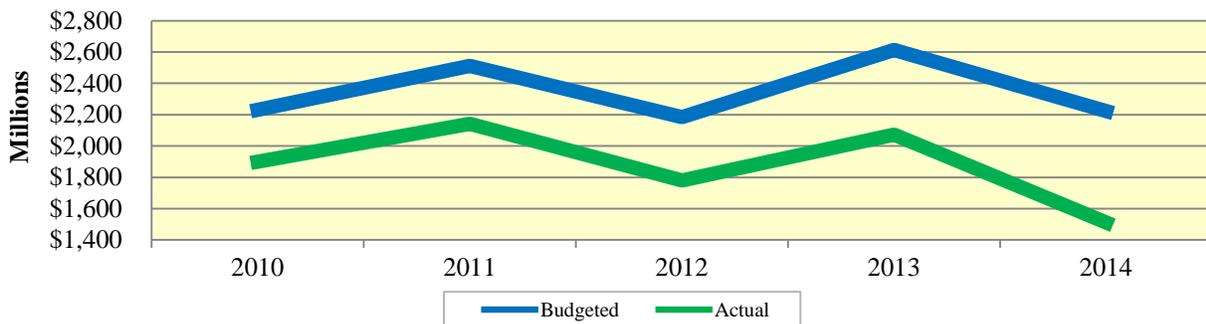


GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflected an increase of \$10,527,571 in available resources. This increase is primarily due to adjustments for transfers in and miscellaneous income. Differences between the original budget and the final amended budget resulted in \$10,399,757 increase in appropriations; this increase is primarily due to additional revenue certifications being allocated for use.

During the year, actual available resources exceeded budgetary estimates by \$133,320,324. This is primarily due to an increase in tax revenues and charges for services. Actual expenditures were \$710,997,821 less than budgetary estimates. This difference is primarily due to a decrease in expenditures as a result of the carry forward of budget for capital projects for roads and bridges, maintenance funds, and mobility funds. Budget variances are not expected to impact future services or liquidity.

BUDGETED EXPENDITURES TO ACTUAL
Cash Basis Analysis



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's capital assets, net of accumulated depreciation/amortization, for its governmental and business-type activities as of February 28, 2014, was \$13,856,552,116, an increase of \$42,419,034 from capital assets reported February 28, 2013 of \$13,814,133,082. These capital assets include land, construction in progress, land improvements, buildings, park improvements and facilities, infrastructure, equipment, other tangible assets, as well as intangible assets such as easements and the County's license agreement to operate toll facilities on the Katy Freeway.

Major capital asset events during the current fiscal year included the following:

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

- The County has several ongoing capital improvement projects, including a new Forensic Science facility, renovations to the Administration Building and other buildings as well as improvements to County roads.
- The Flood Control District participated in ongoing flood damage reduction and mitigation projects to reduce flood risk within the County.
- The Harris County Toll Road Authority has several ongoing projects, including the Hardy Toll Road Downtown Connector and widening portions of the Sam Houston Tollway.

	Capital Assets	
	Balance	Balance
	February 28, 2014	February 28, 2013
<u>Governmental Activities:</u>		
Land	\$ 4,066,402,284	\$ 4,048,288,025
Construction in progress	216,850,536	245,882,574
Intangible assets - water rights	2,400,000	2,400,000
Intangible assets - software & licenses	41,520,453	38,643,289
Land improvements	8,327,573	8,587,083
Infrastructure	10,849,177,759	10,737,463,474
Park facilities	178,538,893	169,766,704
Flood control projects	862,738,394	768,911,212
Buildings	1,762,448,236	1,742,991,170
Equipment	361,834,104	334,559,780
	<u>18,350,238,232</u>	<u>18,097,493,311</u>
Less: Accumulated depreciation	(6,638,066,298)	(6,294,498,612)
Total governmental activities	<u>\$ 11,712,171,934</u>	<u>\$ 11,802,994,699</u>
	Balance	Balance
	February 28, 2014	February 28, 2013
<u>Business-type Activities:</u>		
Land	\$ 316,318,391	\$ 296,740,101
Construction in progress	351,140,970	200,872,861
Intangible assets - license agreement	245,281,444	238,615,651
Land improvements	7,560,742	5,160,138
Infrastructure	2,264,596,646	2,223,551,795
Other tangible assets	22,344,646	22,058,242
Buildings	37,092,796	37,044,274
Equipment	81,761,245	81,167,735
	<u>3,326,096,880</u>	<u>3,105,210,797</u>
Less: Accumulated depreciation	(1,181,716,698)	(1,094,072,414)
Total business-type activities	<u>\$ 2,144,380,182</u>	<u>\$ 2,011,138,383</u>

For further information regarding capital assets, see Note 6 to the financial statements.

Long-term Liabilities. At February 28, 2014, the County had total long-term liabilities outstanding of \$6,023,082,311. County officials, citizens and investors will find the ratio of bonded debt to taxable value of property and the amount of bonded debt per capita as useful indicators of the County's debt position. General bonded debt represented 0.84% and 0.93% of taxable value of property for fiscal year 2014 and 2013, respectively. Debt per capita was \$1,266 and \$1,305 for fiscal year 2014 and 2013, respectively.

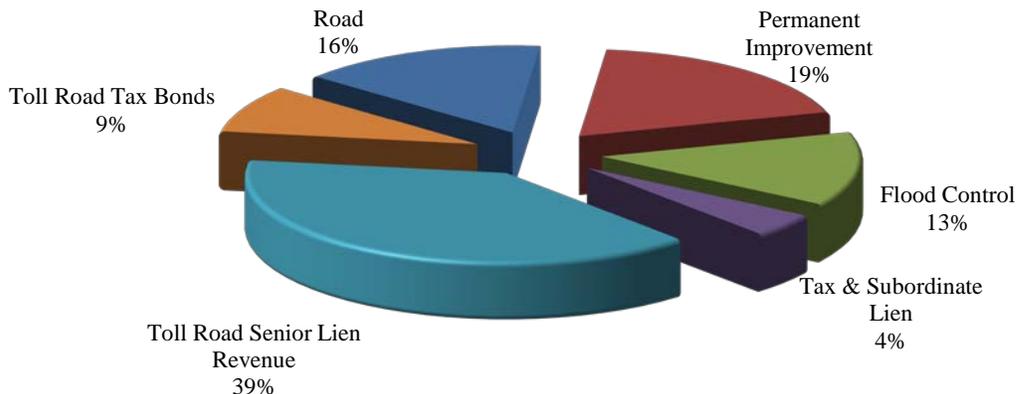
Harris County, Texas
Management's Discussion and Analysis (Unaudited)

	Long-term Liabilities	
	Outstanding at February 28, 2014	Outstanding at February 28, 2013
Governmental Activities:		
Bonds payable	\$ 2,674,340,513	\$ 2,769,111,641
Commercial paper payable	328,818,000	258,593,000
Compensatory time payable	32,696,295	34,255,860
Obligations under capital leases	13,014,174	15,101,258
Judgments payable	3,600,000	8,400,000
Loan payable	34,081,494	23,955,556
OPEB obligation	408,641,098	342,559,743
Pollution remediation obligation	4,019,901	2,375,569
Total governmental activities	\$ 3,499,211,475	\$ 3,454,352,627
Business-type Activities:		
Bonds payable	\$ 2,443,079,839	\$ 2,560,293,976
Derivative instruments - interest rate swaps	56,539,088	79,253,133
Compensatory time payable	1,025,888	1,052,557
Obligations under capital leases	-	62,001
OPEB obligation	22,391,540	18,935,809
Pollution remediation obligation	834,481	58,000
Total business-type activities	\$ 2,523,870,836	\$ 2,659,655,476

The County has a continuing goal to sustain the County's debt rating. As of February 28, 2014, the bond rating services of Moody's Investors Service, Inc., Standard & Poor's Ratings Services, and Fitch IBCA, Inc. assigned the County long term bond ratings of Aaa, AA+, and AAA, respectively.

Please refer to Note 10 to the financial statements for further information on the County's long-term liabilities. See Note 13 to the financial statements for further information on the County's Other Post Employment Benefits (OPEB) plan.

Bonds Payable by Type as of February 28, 2014



Harris County, Texas
Management's Discussion and Analysis (Unaudited)

ECONOMIC FACTORS

The unemployment rate for Harris County for calendar year 2013 was 5.5%. This is a favorable decrease from the prior year rate of 6.0%. The state unemployment rate for calendar year 2013 was 5.6%.

Proposed Agreement between Harris County and the Texas Department of Transportation:

It has been proposed that the County will transfer ownership and/or all responsibility for operation, maintenance, and enforcement of the Katy Managed Lanes to the State of Texas. The County and TxDOT will work to complete this transfer by December 31, 2014, and the transfer documents will provide for the County to be reimbursed for its contribution to the Katy Managed Lanes project by retaining one third of tolls paid by TX TAG customers for use of the Katy Managed Lanes. The County's right to retain tolls shall terminate once the County has been fully reimbursed for its contribution to the Katy Managed Lanes.

SIGNIFICANT ACCOUNTING CHANGES

New Pension Accounting Rules. New accounting rules adopted by GASB in June 2012 will result in significant changes in the County's financial statements relating to its pension plans for current retirees and employees. Statement No. 67, *Financial Reporting for Pension Plans*, (effective for the County's fiscal year 2015) addresses financial reporting for state and local government pension plans and Statement No. 68, *Accounting and Financial Reporting for Pensions*, (effective for the County's fiscal year 2016.) establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. Changes include, but are not limited to:

- The calculation of the County's funding obligation ("UAAL") will be different and separate from the calculation of the County's "net pension liability" (the amount that it is required to report in the financial statements).
- If current and expected future plan assets (relating to benefits for current plan participants) are insufficient to cover projected benefit payments for current employees and retirees, projected benefit payments will be discounted to their present value using a blended rate, as follows (i) the long-term expected rate of return on plan investments can be used to discount projected benefits that are covered by projected assets and (ii) a yield or index rate for 20-year tax-exempt, high-quality municipal bonds with an average rating of AA/Aa or higher will be used to discount projected benefits that are not covered by projected assets.
- In any year in which there is an unfunded liability, the use of a shorter amortization will result in a higher calculated required contribution than under current accounting rules.
- Numerous changes to the presentation of financial, actuarial and accounting information.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 1001 Preston, Suite 800, Houston, Texas 77002, or visit the County's website at www.co.harris.tx.us.

BASIC FINANCIAL STATEMENTS

HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION
February 28, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 636,594,155	\$ 188,298,985	\$ 824,893,140	\$ 199,438,471
Investments	662,369,557	735,487,597	1,397,857,154	232,406,537
Taxes receivable, net	74,556,612	-	74,556,612	25,234,000
Accounts receivable, net	63,433,679	2,405,087	65,838,766	90,815,252
Accrued interest receivable	20,835,959	3,285,004	24,120,963	-
Lease receivable	246,300	-	246,300	-
Other receivables, net	72,193,985	6,994,045	79,188,030	247,657,089
Internal balances	(22,645,075)	22,645,075	-	-
Inventories, prepaids and other assets	13,053,334	3,088,693	16,142,027	64,714,006
Restricted:				
Cash and cash equivalents	97,820,452	49,069,574	146,890,026	374,391,957
Investments	157,269,131	242,453,009	399,722,140	-
Investments, held as collateral by others	-	16,755,000	16,755,000	-
Notes receivable	14,775,392	83,394	14,858,786	-
Capital assets:				
Land and construction in progress	4,283,252,820	667,459,361	4,950,712,181	84,435,486
Intangible assets, net of amortization (when applicable)	18,995,716	228,962,967	247,958,683	5,928,585
Other capital assets, net of depreciation	7,409,923,398	1,247,957,854	8,657,881,252	424,872,136
Total assets	<u>13,502,675,415</u>	<u>3,414,945,645</u>	<u>16,917,621,060</u>	<u>1,749,893,519</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	61,802,133	34,212,958	96,015,091	15,224,000
Accumulated decrease in fair value of hedging derivatives	-	32,518,901	32,518,901	271,000
Total deferred outflows of resources	<u>61,802,133</u>	<u>66,731,859</u>	<u>128,533,992</u>	<u>15,495,000</u>
LIABILITIES				
Vouchers payable and other current liabilities	196,072,646	46,807,099	242,879,745	323,138,288
Due to other governmental units	145,788	1,596,071	1,741,859	-
Unearned revenue	41,569,756	49,194,446	90,764,202	2,275,953
Accrued interest	43,030,646	-	43,030,646	636,000
Long-term liabilities:				
Due within one year	135,932,728	121,273,256	257,205,984	6,650,719
Due in more than one year	3,363,278,747	2,346,058,492	5,709,337,239	484,601,679
Total liabilities	<u>3,780,030,311</u>	<u>2,564,929,364</u>	<u>6,344,959,675</u>	<u>817,302,639</u>
DEFERRED INFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	-	56,539,088	56,539,088	-
Total deferred inflows of resources	<u>-</u>	<u>56,539,088</u>	<u>56,539,088</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	9,099,959,782	(54,217,968)	9,045,741,814	199,431,369
Restricted for:				
Debt service	230,566,911	288,387,258	518,954,169	58,115,000
Capital projects	15,459,572	2,638,695	18,098,267	-
Operating reserve per bond covenants	-	29,742,132	29,742,132	-
Donor temporarily restricted	479,613	-	479,613	7,906,607
Legislative	6,771,850	-	6,771,850	-
Mobility program	247,067,162	-	247,067,162	-
Toll Road	-	581,704,580	581,704,580	-
Unrestricted	184,142,347	11,954,355	196,096,702	682,632,904
Total net position	<u>\$ 9,784,447,237</u>	<u>\$ 860,209,052</u>	<u>\$ 10,644,656,289</u>	<u>\$ 948,085,880</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For The Year Ended February 28, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary government:								
Governmental activities:								
Administration of Justice	\$ 962,193,996	\$ 125,911,465	\$ 117,610,919	\$ -	\$ (718,671,612)	-	\$ (718,671,612)	
Parks	108,904,452	797,880	903,726	-	(107,202,846)	-	(107,202,846)	
County Administration	336,266,081	57,930,805	33,684,551	12,455,465	(232,195,260)	-	(232,195,260)	
Health and Human Services	188,704,484	9,957,085	107,545,538	-	(71,201,861)	-	(71,201,861)	
Flood Control	92,845,268	391,674	-	39,392,854	(53,060,740)	-	(53,060,740)	
Tax Administration	34,837,849	28,504,104	-	-	(6,333,745)	-	(6,333,745)	
Road and Bridges	372,921,993	48,712,725	-	140,754,884	(183,454,384)	-	(183,454,384)	
Interest and Fiscal Charges	117,762,484	-	-	-	(117,762,484)	-	(117,762,484)	
Total governmental activities	<u>2,214,436,607</u>	<u>272,205,738</u>	<u>259,744,734</u>	<u>192,603,203</u>	<u>(1,489,882,932)</u>	<u>-</u>	<u>(1,489,882,932)</u>	
Business-type activities:								
Toll Road	386,004,528	609,965,677	215,786	-	-	\$ 224,176,935	224,176,935	
Subscriber Access	3,335	14,679	-	-	-	11,344	11,344	
Parking Facilities	2,242,614	5,007,763	-	-	-	2,765,149	2,765,149	
Sheriff's Commissary	8,353,071	8,864,841	2,254,863	-	-	2,766,633	2,766,633	
Total business-type activities	<u>396,603,548</u>	<u>623,852,960</u>	<u>2,470,649</u>	<u>-</u>	<u>-</u>	<u>229,720,061</u>	<u>229,720,061</u>	
Total primary government	<u>\$ 2,611,040,155</u>	<u>\$ 896,058,698</u>	<u>\$ 262,215,383</u>	<u>\$ 192,603,203</u>	<u>(1,489,882,932)</u>	<u>229,720,061</u>	<u>(1,260,162,871)</u>	
Component units:								
MHMRA	\$ 172,906,364	\$ 47,241,249	\$ 105,834,033	\$ -				\$ (19,831,082)
Hospital District	1,943,658,000	348,605,000	255,894,000	694,002,000				(645,157,000)
Other component units	3,713,377	2,066,774	1,612,763	4,951,449				4,917,609
Total component units	<u>\$ 2,120,277,741</u>	<u>\$ 397,913,023</u>	<u>\$ 363,340,796</u>	<u>\$ 698,953,449</u>				<u>(660,070,473)</u>
General revenues:								
Taxes:								
Property taxes levied for General Purposes					1,164,587,594	-	1,164,587,594	515,990,000
Property taxes levied for Debt Service					216,061,564	-	216,061,564	-
Hotel Occupancy Tax					36,408,662	-	36,408,662	-
Earnings on Investments					6,845,171	5,063,105	11,908,276	7,036,205
Miscellaneous					30,652,827	1,087,950	31,740,777	122,198,494
Transfers					121,047,886	(121,047,886)	-	-
Total general revenues and other items					<u>1,575,603,704</u>	<u>(114,896,831)</u>	<u>1,460,706,873</u>	<u>645,224,699</u>
Change in net position					85,720,772	114,823,230	200,544,002	(14,845,774)
Net position - beginning (restated, Note 1)					9,698,726,465	745,385,822	10,444,112,287	962,931,654
Net position - ending					<u>\$ 9,784,447,237</u>	<u>\$ 860,209,052</u>	<u>\$ 10,644,656,289</u>	<u>\$ 948,085,880</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
February 28, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments:			
Cash and cash equivalents	\$ 336,771,395	\$ 249,934,137	\$ 586,705,532
Investments	285,398,835	281,352,493	566,751,328
Receivables:			
Taxes, net	66,424,237	8,132,375	74,556,612
Accounts, net	7,853,776	53,388,679	61,242,455
Accrued interest	11,991,550	8,688,753	20,680,303
Lease	246,300	-	246,300
Other, net	23,541,227	46,782,448	70,323,675
Due from other funds	57,533,957	3,750,537	61,284,494
Prepays and other assets	2,089,168	2,578,802	4,667,970
Inventories	3,005,136	3,171,097	6,176,233
Advances to other funds	40,000	12,651,000	12,691,000
Restricted cash and cash equivalents	31,318,170	66,502,282	97,820,452
Restricted investments	140,995,172	16,273,959	157,269,131
Notes receivable	14,273,444	501,948	14,775,392
Total assets	<u>\$ 981,482,367</u>	<u>\$ 753,708,510</u>	<u>\$ 1,735,190,877</u>
LIABILITIES			
Vouchers payable	\$ 40,509,849	\$ 39,315,010	\$ 79,824,859
Accrued payroll and compensated absences	58,409,568	4,986,415	63,395,983
Retainage payable	1,040,296	8,011,537	9,051,833
Due to other funds	236,513	60,904,901	61,141,414
Due to other governmental units	-	145,788	145,788
Other liabilities	40,628	-	40,628
Advances from other funds	22,934,097	12,691,000	35,625,097
Unearned revenue	8,412,309	33,672,114	42,084,423
Total liabilities	<u>131,583,260</u>	<u>159,726,765</u>	<u>291,310,025</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	28,784,653	3,907,592	32,692,245
Unavailable revenue-other	13,621,433	13,773,749	27,395,182
Total deferred inflows of resources	<u>42,406,086</u>	<u>17,681,341</u>	<u>60,087,427</u>
FUND BALANCES			
Nonspendable	5,134,304	14,844,913	19,979,217
Restricted	429,371,890	531,050,696	960,422,586
Committed	2,507,640	30,963,387	33,471,027
Assigned	14,622,478	-	14,622,478
Unassigned	355,856,709	(558,592)	355,298,117
Total fund balances	<u>807,493,021</u>	<u>576,300,404</u>	<u>1,383,793,425</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 981,482,367</u>	<u>\$ 753,708,510</u>	<u>\$ 1,735,190,877</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
February 28, 2014

Total fund balances for governmental funds \$ 1,383,793,425

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets (excluding internal service fund capital assets) consist of:

Land	\$	4,066,143,284	
Construction in progress		216,850,536	
Intangible assets - water rights		2,400,000	
Intangible assets - software and licenses, net of \$24,924,737 accumulated amortization		16,595,716	
Land improvements, net of \$1,440,453 accumulated depreciation		6,887,120	
Infrastructure, net of \$5,433,056,257 accumulated depreciation		5,416,121,502	
Parks, net of \$49,144,607 accumulated depreciation		129,394,286	
Flood control projects, net of \$328,361,832 accumulated depreciation		534,376,562	
Buildings, net of \$548,179,256 accumulated depreciation		1,212,793,010	
Equipment and vehicles, net of \$209,095,275 accumulated depreciation		98,282,917	
Total capital assets			11,699,844,933

Long-term liabilities applicable to Harris County's activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Balances (excluding internal service fund liabilities, where applicable) as of February 28, 2014 were:

Deferred charge on refundings		61,802,133	
Accrued interest on bonds and loans		(43,030,646)	
Bonds payable		(2,674,340,513)	
Judgments payable		(3,600,000)	
Loan payable		(34,081,494)	
Capital leases		(13,014,174)	
Interest on capital leases		570,439	
Commercial paper payable		(328,818,000)	
Compensated absences		(32,421,366)	
OPEB obligation		(408,641,098)	
Pollution remediation obligation		(3,478,828)	
			(3,479,053,547)

Internal service funds are used by the County. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. Internal service fund net position is:

119,514,180

Other 260,819

Some of the County's assets are not available to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.

60,087,427

Total net position of governmental activities \$ 9,784,447,237

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended February 28, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 1,258,431,492	\$ 174,557,933	\$ 1,432,989,425
Charges for services	209,481,518	26,782,996	236,264,514
User fees	253,136	-	253,136
Fines and forfeitures	19,694,646	-	19,694,646
Lease revenue	1,421,368	748,179	2,169,547
Intergovernmental	43,175,584	292,108,756	335,284,340
Earnings on investments	1,708,825	1,022,236	2,731,061
Miscellaneous	43,133,780	31,049,353	74,183,133
Total revenues	<u>1,577,300,349</u>	<u>526,269,453</u>	<u>2,103,569,802</u>
EXPENDITURES			
Current operating:			
Administration of Justice	790,533,628	119,086,216	909,619,844
Parks	57,805,652	26,796,617	84,602,269
County Administration	224,256,524	64,953,894	289,210,418
Health and Human Services	96,917,481	92,114,851	189,032,332
Flood Control	-	62,819,626	62,819,626
Tax Administration	32,378,056	1,007,252	33,385,308
Roads and Bridges	75,679,025	4,331,793	80,010,818
Capital outlay	38,557,566	183,241,115	221,798,681
Debt service:			
Principal retirement	44,751,956	23,012,902	67,764,858
Bond issuance costs	352,430	12,000	364,430
Interest and fiscal charges	55,751,107	78,952,157	134,703,264
Total expenditures	<u>1,416,983,425</u>	<u>656,328,423</u>	<u>2,073,311,848</u>
Excess (deficiency) of revenues under expenditures	<u>160,316,924</u>	<u>(130,058,970)</u>	<u>30,257,954</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	134,774,850	80,787,764	215,562,614
Transfers out	(57,908,458)	(43,028,538)	(100,936,996)
Commercial paper issued	-	70,225,000	70,225,000
Proceeds from insurance recoveries	-	266,849	266,849
Proceeds from loan	805,000	15,083,156	15,888,156
Proceeds from sale of capital assets	1,074,097	9,275,460	10,349,557
Total other financing sources (uses)	<u>78,745,489</u>	<u>132,609,691</u>	<u>211,355,180</u>
Net changes in fund balances	239,062,413	2,550,721	241,613,134
Fund balances, beginning	568,430,608	573,749,683	1,142,180,291
Fund balances, ending	<u>\$ 807,493,021</u>	<u>\$ 576,300,404</u>	<u>\$ 1,383,793,425</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended February 28, 2014

Net change in fund balances - total governmental funds \$ 241,613,134

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$389,729,043 exceeded capital expenditures of \$221,798,681 in the current period. (167,930,362)

Capital asset donations 116,292,645

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt issued:		
Commercial paper	(70,225,000)	
Loans	(15,888,156)	
Repayments:		
To paying agent for bond principal	67,688,486	
Loans	5,762,218	
Capital lease principal	<u>2,087,084</u>	
Net adjustment		(10,575,368)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. This adjustment combines the net changes of 8 balances.

Compensated absences	1,513,005	
Judgments payable	4,800,000	
OPEB obligation	(66,081,355)	
Pollution remediation obligation	(1,998,396)	
Amortization of debt premium	22,091,954	
Accretion of capital appreciation bond interest	4,990,688	
Amortization of advanced refunding difference	(8,426,241)	
Accrued interest on debt	<u>(1,351,191)</u>	
Combined adjustment		(44,461,536)

Internal service funds are used by the County. The net revenue of the internal service funds are reported with governmental activities. 11,525,740

Other collections. (5,203,264)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (12,764,738)

The net effect of disposal of capital assets is to decrease net position. (42,775,479)

Change in net position of governmental activities \$ 85,720,772

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
February 28, 2014

	Enterprise Funds			Internal Service Funds
	Toll Road Authority	Nonmajor Enterprise Funds	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 180,591,858	\$ 7,707,127	\$ 188,298,985	\$ 49,888,623
Investments	731,893,594	3,594,003	735,487,597	95,618,229
Receivables, net	1,952,902	452,185	2,405,087	2,191,224
Accrued interest receivable	3,283,601	1,403	3,285,004	155,656
Other receivable, net	6,321,646	672,399	6,994,045	1,609,491
Inventories	837,271	315,443	1,152,714	1,158,985
Prepays and other assets	1,935,979	-	1,935,979	1,050,146
Due from other funds	260,742	-	260,742	304,318
Restricted assets:				
Cash and cash equivalents	49,069,574	-	49,069,574	-
Investments	242,453,009	-	242,453,009	-
Total current assets	1,218,600,176	12,742,560	1,231,342,736	151,976,672
Noncurrent assets:				
Restricted investments, held as collateral by others	16,755,000	-	16,755,000	-
Advances to other funds	22,934,097	-	22,934,097	-
Notes receivable	83,394	-	83,394	-
Capital assets:				
Land and construction in progress	663,495,763	3,963,598	667,459,361	259,000
License agreement, net of amortization	228,962,967	-	228,962,967	-
Other capital assets, net of depreciation	1,232,451,119	15,506,735	1,247,957,854	12,068,001
Total noncurrent assets	2,164,882,340	19,470,333	2,184,352,673	12,327,001
Total assets	3,383,282,516	32,212,893	3,415,495,409	164,303,673
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	34,212,958	-	34,212,958	-
Accumulated decrease in fair value of hedging derivatives	32,518,901	-	32,518,901	-
Total deferred outflows of resources	66,731,859	-	66,731,859	-
LIABILITIES				
Current liabilities:				
Vouchers payable	34,379,425	730,755	35,110,180	11,109,943
Accrued payroll and compensated absences	3,095,738	29,794	3,125,532	856,587
Retainage payable	7,951,850	-	7,951,850	-
Estimated outstanding claims	-	-	-	10,097,930
Incurred but not reported claims	-	-	-	22,403,663
Customer deposits	1,245,301	28	1,245,329	-
Due to other funds	549,764	-	549,764	158,376
Due to other units	1,596,071	-	1,596,071	-
Unearned revenue	49,173,171	21,275	49,194,446	-
Current portion of long-term liabilities	120,647,464	-	120,647,464	-
Total current liabilities	218,638,784	781,852	219,420,636	44,626,499
Noncurrent liabilities:				
Noncurrent portion of long-term liabilities	2,346,052,139	6,353	2,346,058,492	107,222
Total noncurrent liabilities	2,346,052,139	6,353	2,346,058,492	107,222
Total liabilities	2,564,690,923	788,205	2,565,479,128	44,733,721
DEFERRED INFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	56,539,088	-	56,539,088	-
Unavailable revenue - other	-	-	-	55,772
Total deferred inflows of resources	56,539,088	-	56,539,088	55,772
NET POSITION				
Net investment in capital assets	(73,688,301)	19,470,333	(54,217,968)	12,327,001
Restricted for:				
Debt service	288,387,258	-	288,387,258	-
Capital projects	2,638,695	-	2,638,695	-
Operating reserve per bond covenants	29,742,132	-	29,742,132	-
Toll Road	581,704,580	-	581,704,580	-
Unrestricted	-	11,954,355	11,954,355	107,187,179
Total net position	\$ 828,784,364	\$ 31,424,688	\$ 860,209,052	\$ 119,514,180

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended February 28, 2014

	Enterprise Funds			Internal Service Funds
	Toll Road Authority	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES				
Toll revenues	\$ 609,965,677	\$ -	\$ 609,965,677	\$ -
Lease revenue	-	-	-	5,102
Intergovernmental	215,786	-	215,786	1,670,606
Charges to departments	-	-	-	235,295,722
Sales	-	8,864,841	8,864,841	-
User fees	-	5,019,477	5,019,477	7,473,832
Miscellaneous	-	2,965	2,965	-
Total operating revenues	<u>610,181,463</u>	<u>13,887,283</u>	<u>624,068,746</u>	<u>244,445,262</u>
OPERATING EXPENSES				
Salaries	51,181,705	580,780	51,762,485	10,817,284
Materials and supplies	13,289,189	788,759	14,077,948	692,767
Services and fees	90,902,682	4,755,243	95,657,925	8,214,295
Utilities	3,400,019	293,086	3,693,105	714,810
Transportation and travel	3,132,094	1,475	3,133,569	8,346,750
Incurred claims	-	-	-	197,117,340
Estimated claims & changes in estimates	-	-	-	29,869
Cost of goods sold	-	3,400,299	3,400,299	8,709,043
Depreciation	90,149,522	779,378	90,928,900	5,160,781
Total operating expenses	<u>252,055,211</u>	<u>10,599,020</u>	<u>262,654,231</u>	<u>239,802,939</u>
Operating income (loss)	<u>358,126,252</u>	<u>3,288,263</u>	<u>361,414,515</u>	<u>4,642,323</u>
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	5,051,716	11,389	5,063,105	437,424
Lease income	26,700	-	26,700	-
Interest expense	(92,818,557)	-	(92,818,557)	-
Gain (loss) on disposal of capital assets	(642,823)	-	(642,823)	41,970
Amortization expense	(40,487,937)	-	(40,487,937)	-
Other nonoperating revenue (expense)	1,061,250	-	1,061,250	(18,245)
Total nonoperating revenues (expenses)	<u>(127,809,651)</u>	<u>11,389</u>	<u>(127,798,262)</u>	<u>461,149</u>
Income (loss) before transfers and contributions	<u>230,316,601</u>	<u>3,299,652</u>	<u>233,616,253</u>	<u>5,103,472</u>
Contributions	-	2,254,863	2,254,863	-
Transfers in	-	-	-	7,391,328
Transfers out	(121,047,886)	-	(121,047,886)	(969,060)
Total transfers and contributions	<u>(121,047,886)</u>	<u>2,254,863</u>	<u>(118,793,023)</u>	<u>6,422,268</u>
Change in net position	109,268,715	5,554,515	114,823,230	11,525,740
Net position, beginning (restated, Note 1)	719,515,649	25,870,173	745,385,822	107,988,440
Net position, ending	<u>\$ 828,784,364</u>	<u>\$ 31,424,688</u>	<u>\$ 860,209,052</u>	<u>\$ 119,514,180</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended February 28, 2014

	Enterprise Funds			Internal Service Funds
	Toll Road Authority	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 622,209,179	\$ 14,003,319	\$ 636,212,498	\$ 244,683,839
Payment to employees	(49,294,791)	(599,565)	(49,894,356)	(11,172,353)
Payment to vendors	(101,050,651)	(9,208,577)	(110,259,228)	(23,612,581)
Claims paid	-	-	-	(199,478,571)
Receipts from miscellaneous reimbursements	1,061,250	-	1,061,250	-
Other payments	-	-	-	(18,245)
Net cash provided by (used for) operating activities	<u>472,924,987</u>	<u>4,195,177</u>	<u>477,120,164</u>	<u>10,402,089</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Internal activity - net payments from other funds	(168,658)	-	(168,658)	-
Receipt of monies advanced to other funds	2,973,617	-	2,973,617	-
Transfers from other funds	-	-	-	7,391,328
Transfers to other funds	(121,047,886)	-	(121,047,886)	(969,060)
Net cash provided by (used for) noncapital financing activities	<u>(118,242,927)</u>	<u>-</u>	<u>(118,242,927)</u>	<u>6,422,268</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Receipts from lease of capital assets	26,700	-	26,700	-
Purchases of capital assets	(219,138,676)	(157,577)	(219,296,253)	(8,709,242)
Proceeds from sale of capital assets	58,123,927	-	58,123,927	-
Principal paid on capital debt	(105,180,000)	-	(105,180,000)	-
Interest paid on capital debt	(115,523,694)	-	(115,523,694)	-
Net cash used for capital and related financing activities	<u>(381,691,743)</u>	<u>(157,577)</u>	<u>(381,849,320)</u>	<u>(8,709,242)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(818,694,284)	(3,495,943)	(822,190,227)	(33,805,877)
Proceeds from sales and maturities of investments	984,233,451	2,998,183	987,231,634	29,439,421
Interest paid	-	(1,511,507)	(1,511,507)	(5,605,659)
Interest received	23,874,587	50,749	23,925,336	1,562,660
Net cash provided by (used for) investing activities	<u>189,413,754</u>	<u>(1,958,518)</u>	<u>187,455,236</u>	<u>(8,409,455)</u>
Net change in cash and cash equivalents	162,404,071	2,079,082	164,483,153	(294,340)
Cash and cash equivalents, beginning	67,257,361	5,628,045	72,885,406	50,182,963
Cash and cash equivalents, ending	<u>\$ 229,661,432</u>	<u>\$ 7,707,127</u>	<u>\$ 237,368,559</u>	<u>\$ 49,888,623</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ 358,126,252	\$ 3,288,263	\$ 361,414,515	\$ 4,642,323
Adjustment to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	90,149,522	779,378	90,928,900	5,160,781
Other nonoperating revenues	1,061,250	-	1,061,250	-
Other nonoperating expenses	-	-	-	(18,245)
Changes in current assets and liabilities:				
Receivables, net	6,096,826	568,011	6,664,837	237,022
Notes and leases receivable	7,581	-	7,581	-
Prepays and other assets	(950,889)	-	(950,889)	(252,623)
Inventories	145,937	(60,504)	85,433	(53,067)
Vouchers payable and accrued liabilities	7,749,613	90,789	7,840,402	899,654
Retainage payable	3,954,747	-	3,954,747	-
Due to other governmental units	7,641	-	7,641	-
Other liabilities	(29,704)	(451,975)	(481,679)	-
Pollution payable	776,481	-	776,481	-
Unearned revenue	5,923,309	-	5,923,309	1,555
Compensatory time payable	(93,579)	(18,785)	(112,364)	(215,311)
Net cash provided by operating activities	<u>\$ 472,924,987</u>	<u>\$ 4,195,177</u>	<u>\$ 477,120,164</u>	<u>\$ 10,402,089</u>
Non-Cash Operating, Capital and Related Financing, And Investing Activities:				
Increase in fair value of hedging derivatives	\$ 22,714,045	\$ -	\$ 22,714,045	\$ -
Increase (decrease) in the fair value of investments	(18,026,872)	1,470,864	(16,556,008)	4,485,647
Purchase of capital assets on account	1,013,163	-	1,013,163	-
Contributions of capital assets	-	2,254,863	2,254,863	-

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
February 28, 2014

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	\$ 286,564,040
Investments	114,271,455
Accounts receivable, net	952,121
Other receivables, net	5,277,247
Accrued interest receivable	307,225
Total assets	\$ 407,372,088
 LIABILITIES	
Vouchers payable	\$ 2,917,889
Accrued payroll and compensated absences	12,086,391
Incurred but not reported claims	4,374,939
Held for others	387,992,869
Total liabilities	\$ 407,372,088

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION - COMPONENT UNITS
FEBRUARY 28, 2014

	Mental Health Mental Retardation Authority of Harris County	Harris County Hospital District dba Harris Health System	Nonmajor Component Units	Total
ASSETS				
Cash and cash equivalents	\$ 4,877,242	\$ 187,897,000	\$ 6,664,229	\$ 199,438,471
Investments, including accrued interest	48,331,881	183,868,000	206,656	232,406,537
Receivables:				
Taxes, net	-	25,234,000	-	25,234,000
Accounts, net	5,207,844	80,204,000	5,403,408	90,815,252
Other	4,045,053	243,537,000	75,036	247,657,089
Inventories	147,974	10,202,000	-	10,349,974
Prepays and other assets	428,133	53,844,000	91,899	54,364,032
Restricted cash and investments	291,466	364,660,000	9,440,491	374,391,957
Capital assets:				
Land, improvements, and construction in progress	3,421,489	72,711,000	8,302,997	84,435,486
Intangible assets, net of accumulated amortization	5,928,585	-	-	5,928,585
Other capital assets, net of depreciation	18,304,595	393,993,000	12,574,541	424,872,136
Total assets	<u>90,984,262</u>	<u>1,616,150,000</u>	<u>42,759,257</u>	<u>1,749,893,519</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	-	15,224,000	-	15,224,000
Derivative financial instrument	-	271,000	-	271,000
Total deferred outflows of resources	<u>-</u>	<u>15,495,000</u>	<u>-</u>	<u>15,495,000</u>
LIABILITIES				
Vouchers payable and accrued liabilities	15,070,675	222,060,000	517,613	237,648,288
Other liabilities	-	85,490,000	-	85,490,000
Unearned revenue	2,203,628	-	72,325	2,275,953
Accrued interest payable	-	636,000	-	636,000
Noncurrent liabilities:				
Due within one year	1,205,719	5,445,000	-	6,650,719
Due in more than one year	11,431,679	473,170,000	-	484,601,679
Total liabilities	<u>29,911,701</u>	<u>786,801,000</u>	<u>589,938</u>	<u>817,302,639</u>
NET POSITION				
Net investment in capital assets	18,469,369	180,962,000	-	199,431,369
Restricted for:				
Debt service	-	58,115,000	-	58,115,000
Donor restrictions	2,451,869	-	5,454,738	7,906,607
Unrestricted net position	40,151,323	605,767,000	36,714,581	682,632,904
Total net position	<u>\$ 61,072,561</u>	<u>\$ 844,844,000</u>	<u>\$ 42,169,319</u>	<u>\$ 948,085,880</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
For The Year Ended February 28, 2014

	Mental Health Mental Retardation Authority of Harris County	Harris County Hospital District dba Harris Health System	Nonmajor Component Units	Total
REVENUES				
Program Revenues:				
Charges for services	\$ 47,241,249	\$ 348,605,000	\$ 2,066,774	\$ 397,913,023
Operating grants and contributions	105,834,033	255,894,000	1,612,763	363,340,796
Capital grants, contributions and other	-	694,002,000	4,951,449	698,953,449
Total program revenues	<u>153,075,282</u>	<u>1,298,501,000</u>	<u>8,630,986</u>	<u>1,460,207,268</u>
EXPENSES	<u>172,906,364</u>	<u>1,943,658,000</u>	<u>3,713,377</u>	<u>2,120,277,741</u>
Net program revenues (expenses)	<u>(19,831,082)</u>	<u>(645,157,000)</u>	<u>4,917,609</u>	<u>(660,070,473)</u>
General Revenues:				
Ad valorem tax revenues	-	515,990,000	-	515,990,000
Earnings on investments	(16,715)	6,986,000	66,920	7,036,205
Other	21,878,263	100,212,000	88,711	122,178,974
Gain on sale of capital assets	19,520	-	-	19,520
Net general revenues	<u>21,881,068</u>	<u>623,188,000</u>	<u>155,631</u>	<u>645,224,699</u>
Change in net position	2,049,986	(21,969,000)	5,073,240	(14,845,774)
Net position, beginning (as restated)	59,022,575	866,813,000	37,096,079	962,931,654
Net position, ending	<u>\$ 61,072,561</u>	<u>\$ 844,844,000</u>	<u>\$ 42,169,319</u>	<u>\$ 948,085,880</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Harris County, Texas ("County") have been prepared in conformity with generally accepted accounting principles ("GAAP") in the United States of America for local governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. REPORTING ENTITY

The County is a public corporation and a political subdivision of the State of Texas. The County is governed by Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a vast array of services which include public safety, administration of justice, health and human services, culture and recreation services, public improvements, flood control and general administration.

As required by GAAP, the financial statements of the reporting entity include those of the County (the primary government) and its component units in conformity with GASB Statement No. 14, *The Financial Reporting Entity* ("GASB 14"), GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* ("GASB 39"), and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* ("GASB 61").

In accordance with these standards, a financial reporting entity consists of the primary government and its component units. Component units are legally separate entities for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County's financial statements to be misleading. Blended component units, although legally separate entities, are, in substance, part of the County's operations, so data from these units are combined with data of the County. Each discretely presented component unit, on the other hand, is reported in a separate column titled "Component Units" on the combined statements to emphasize that it is legally separate from the government.

The criteria used to determine whether an organization is a component unit of the County and whether it is a discretely presented or a blended component unit includes: financial accountability of the County for the component unit, whether the County appoints a voting majority of the entity's governing board, the ability to impose the County's will on the component unit, fiscal dependency criterion, if it is a financial benefit to or burden on the County, and whether services are provided entirely or almost entirely to the primary government.

Blended Component Units. For financial reporting purposes, the Harris County Flood Control District, the Harris County Juvenile Board, the Harris County Sports & Convention Corporation, and the Harris County Redevelopment Authority are included in the operations and activities of the County as blended component units.

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Harris County Flood Control District (“Flood Control District”). The Flood Control District provides programs and policies to protect homes and businesses from the hazards of flooding and to facilitate economic development. The County prepares and approves the budget, sets the tax rate, and approves all bond issuances of the Flood Control District. The criteria used to include the Flood Control District as a blended component unit of the County include: the County appoints a voting majority of the Flood Control District’s governing body, the County is able to impose its will on the Flood Control District, and the County’s and the Flood Control District’s governing bodies are substantially the same.

Harris County Sports & Convention Corporation (“Sports & Convention Corporation”). The Sports & Convention Corporation was formed to act on behalf of the County by negotiating and managing a contract with an outside vendor for the operations and management of the Reliant Park Complex. The Sports & Convention Corporation is included as a blended component unit of the County because it almost exclusively benefits Harris County. The Sports & Convention Corporation was created by the County under the authority of state law. The County appoints a voting majority of the Sports & Convention Corporation’s governing body, and the County is able to impose its will on the Sports & Convention Corporation.

Harris County Juvenile Board (“Juvenile Board”). The Juvenile Board monitors all of the Juvenile Probation Department’s programs, institutional services, and residential placement facilities. It also sets administrative policies and approves the department’s annual budget prior to submission to Commissioners Court for final approval. The criteria used to include the Juvenile Board as a blended component unit of the County include: fiscal dependency and the Juvenile Board provides services entirely to the County.

Harris County Redevelopment Authority (“Redevelopment Authority”). The Redevelopment Authority was organized exclusively for the purposes of aiding and acting on behalf of the County to accomplish any governmental purpose thereof pursuant to Subchapter D of Chapter 431 of the Texas Transportation Code. The criteria used to include the Redevelopment Authority as a blended component unit of the County include: the County appoints a voting majority of the Redevelopment Authority’s governing body, the County is able to impose its will on the Redevelopment Authority, and the Redevelopment Authority was formed for the exclusive benefit of the County.

Discretely Presented Component Units. The component unit column in the government-wide financial statements includes the financial data of the County’s discrete component units. These units are reported in a separate column to emphasize that they are legally separate from the County.

Harris County Hospital District, dba Harris Health System (“Hospital District”). The Hospital District provides medical, dental and hospital care for Harris County’s indigent and needy. The criteria used to determine inclusion as a discretely presented component unit are: nine members of the governing board of the Hospital District are appointed by Commissioners Court, Commissioners Court approves the Hospital District’s tax rate and annual budget but does not provide any funding or hold title to any of the Hospital District’s assets, and the Hospital District cannot issue bonded debt without Commissioners Court approval. Services provided by the Hospital District are to the citizenry and not to the County. Complete financial statements may

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be obtained from:

Chief Financial Officer
Harris County Hospital District, dba Harris Health System
2525 Holly Hall, Suite 270
Houston, TX 77054

Mental Health and Mental Retardation Authority (“MHMRA”) of Harris County. MHMRA is a public agency providing services for residents of the County who do not require long-term institutional mental health care. The criteria used to determine inclusion as a discretely presented component unit are: all members of the governing Board of Directors are appointed by Commissioners Court, the County is able to impose its will, and there is a provision of funding to MHMRA. MHMRA can issue bonded debt without approval from the County. Complete financial statements may be obtained from:

Chief Financial Officer
MHMRA
P.O. Box 25381
Houston, TX 77265

Harris County Housing Finance Corporation (“Housing Finance Corporation”). The Housing Finance Corporation is exempt from federal income tax and is authorized to issue debt instruments for the purpose of purchasing single family home mortgages and providing financing for multifamily projects, both relating to low and moderate income residents. The Housing Finance Corporation was created by Commissioners Court but is not a political subdivision of Harris County under state law. The criteria used to determine the Housing Finance Corporation’s inclusion as a discretely presented component unit are: all members of the governing body are all appointed by Commissioners Court and the County is able to impose its will on the Housing Finance Corporation. Services provided by the Housing Finance Corporation are to the citizenry and not to the County. Complete financial statements may be obtained from:

Harris County Housing Finance Corporation
1001 Fannin, Suite 2500
Houston, TX 77002-6760

Harris County Industrial Development Corporation (“Industrial Development Corporation”). The Industrial Development Corporation provides financing through the issuance of industrial and manufacturing bonds, which promotes and encourages employment and the public welfare in the County. The criteria used to determine inclusion as a discretely presented component unit are: all members of the governing body are appointed by Commissioners Court and the County is able to impose its will on the Industrial Development Corporation. Complete financial statements may be obtained from:

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Board President – Robert L. Silvers
Fulbright & Jaworski, L.L.P.
1301 McKinney, Suite 5100
Houston, TX 77010-3095

Children’s Assessment Center Foundation, Inc. (“CACF”). The Foundation (a Texas nonprofit corporation) was created to raise and provide funding for the Children’s Assessment Center (“CAC”). The CAC provides a safe haven to sexually abused children and their families. CAC employs an extraordinarily effective, multidisciplinary team approach in the prevention, assessment, investigation, referral for prosecution and treatment of child sexual abuse. The criteria used to determine inclusion as a discretely presented component unit are: CACF provides a direct benefit to the County and is financially integrated with the County. Complete financial statements may be obtained from:

Chief Financial Officer - Betsey Runge
The Children’s Assessment Center Foundation
2500 Bolsover
Houston, TX 77005

Friends of Countypets. The Friends of Countypets is a public nonprofit corporation organized to aid and act on behalf of Harris County, Texas in providing funds for the operation, maintenance, and improvement of veterinary public health programs of Harris County Public Health and Environmental Services. The criteria used to determine inclusion as a discretely presented component unit are: all members of the governing body are appointed by Commissioners Court, the County is able to impose its will through the budget, and the services provided are to the County.

Harris County Health Facilities Development Corporation (“HFDC”). The HFDC provides financing for qualified health facilities. Eligible projects must improve the adequacy, cost and accessibility of health care in Houston, Texas. Under the current tax code, eligible borrowers are limited to non-profit corporations. HFDC financing costs are limited to land, buildings, and equipment. The criteria used to determine inclusion as a discretely presented component unit are: all members of the governing body are appointed by Commissioners Court and the County can impose its will. HFDC is not required to issue separate audited financial statements and therefore are not included in the component unit column of the County’s financial statements, but information relating to conduit debt can be found in note 10.D. to the financial statements.

Harris County Cultural Education Facilities Finance Corporation (“CEFFC”). The CEFFC provides and finances cultural education facilities for the exhibition and promotion of and education about the performing, dramatic, visual and literary arts, natural history and science for the public purpose of promoting the health, education and welfare of the citizens of the County. The criteria used to determine inclusion as a discretely presented component unit are: all

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members of the governing body are appointed by Commissioners Court and the County can impose its will on CEFFC. The CEFFC is not required to issue separate audited financial statements and therefore are not included in the component unit column of the County's financial statements, but information relating to conduit debt can be found in note 10.D. to the financial statements.

Condensed Financial Statements. Condensed financial statements of each discretely presented component unit discussed above are presented. The fiscal year-ends for the discretely presented component units are as follows:

- Harris County Hospital District, dba Harris Health System: February 28, 2014
- Mental Health and Mental Retardation Authority of Harris County: August 31, 2013
- Harris County Housing Finance Corporation: December 31, 2013
- Harris County Industrial Development Corporation: August 31, 2013
- Children's Assessment Center Foundation, Inc.: February 28, 2014
- Friends of Countypets: February 28, 2014

B. RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

Related organizations and jointly governed organizations provide services within the County that are administered by separate boards or commissions, but the County is not financially accountable, and such organizations are therefore not component units of the County, even though Commissioners Court may appoint a voting majority of an organization's board. Consequently, financial information for the following entities is not included within the scope of these financial statements.

Related Organizations. Related organizations of the County include the Emergency Service Districts which were created to implement emergency services to specific areas.

Jointly Governed Organizations. The County is a participant in jointly governed organizations. Commissioners Court appoints two of seven board members of the Port of Houston Authority; four of thirty-seven board members of the Gulf Coast Community Services Association; three of nineteen board members of the Harris-Galveston Coastal Subsidence District; two of thirty-five board members of the Houston-Galveston Area Council; two of nine board members of the Metropolitan Transit Authority of Harris County; six of thirteen board members of the Harris County/Houston Sports Authority, and the chairman is appointed jointly by Harris County and the City of Houston; three of twelve board members of the Gulf Coast Freight Rail District, and the chairman is appointed jointly by Harris County and the City of Houston; one of twenty-one board members of the Texas High Speed Rail and Transportation Corporation; at least three of the ten to thirteen board members of the Houston Ship Channel Security District; all five board members of the Harris County Housing Authority.

During fiscal year 2014, the County disbursed the following amounts to these organizations: \$13,734,578 to the Port of Houston Authority, \$2,298,531 to Houston-Galveston Area Council, \$551,785 to the Metropolitan Transit Authority of Harris County, \$150,000 to the Gulf Coast Freight Rail District, \$737,474 to the Harris County Housing Authority and

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\$80,407 to the Houston Ship Channel Security District. The County also collected \$685,629 from the Port of Houston Authority, \$48,529 from the Houston-Galveston Area Council, \$15,845,773 from the Metropolitan Transit Authority of Harris County, \$61,211 from the Harris County Housing Authority and \$2,237,116 from the Houston Ship Channel Security District.

The County is also a participant in several jointly governed Tax Increment Reinvestment Zones, (TIRZs) with the City of Houston, City of La Porte, City of Webster, and the City of Baytown. The County's participation in each TIRZ is pursuant to an Interlocal Agreement between the County, the municipality, and the respective TIRZ board of directors. For each TIRZ in which the County participates, Commissioners Court appoints one board member, except for the City of Webster, where it appoints two board members. There are six City of Houston TIRZs in which Harris County participates: four created by city action (Market Square, Gulfgate, Greenspoint, and East Downtown) and two created by petition (Midtown and South Post Oak). Each of the TIRZs that the County jointly governs has up to fifteen members on its board of directors. Depending upon the terms of the municipal creation ordinance for a specific TIRZ, a municipality appoints at least five members to a TIRZ board and any affected school district appoints one board member each. For petition TIRZs, state elected representatives in whose districts a TIRZ is created also appoint one board member each. The petition TIRZs are required by statute to set aside one-third of all increment paid into the TIRZ Fund to establish affordable housing within the area (not necessarily within the TIRZ itself), while the TIRZs created by city action have no such requirement.

During fiscal year 2014 (for the tax year ended 12/31/13), the County disbursed \$6,491,671 to the City of Houston TIRZs, \$272,201 to the City of Baytown TIRZ, \$295,350 to the City of La Porte TIRZ and \$76,284 to the City of Webster TIRZ. The County will subsequently receive an estimated \$850,000 in affordable housing set-aside funds by August 31, 2014, in accordance with the Interlocal Agreements with the City of Houston petition TIRZs.

C. IMPLEMENTATION OF NEW STANDARDS

In the current fiscal year the County implemented the following new standards:

GASB Statement 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* ("GASB 61"), which modifies certain requirements for inclusion of component units in the financial reporting entity, amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances, and clarifies the reporting of equity interests in legally separate organizations. Implementation of GASB 61 is reflected in the notes to the financial statements.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements and notes to the financial statements.

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Also, with this implementation deferred charges, which consisted of bond issuance costs and were amortized over the term of the bonds, are no longer recognized but are accounted for as expense in the period incurred. Therefore, the beginning net position on the Statement of Activities has been adjusted to reflect the portion of deferred charges that were incurred in prior years.

	<u>Governmental-Type</u>	<u>Business-Type</u>
Net position - beginning	\$ 9,716,080,678	\$ 763,951,800
Adjustment for deferred charges	(17,354,213)	(18,565,978)
Net position - restated	\$ 9,698,726,465	\$ 745,385,822

GASB Statement 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62* (“GASB 66”), seeks to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuances of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements*. Implementation of GASB 66 is reflected in the financial statements and notes to the financial statements.

D. FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which the direct expenses of the County’s programs are offset by those programs’ revenues. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Program revenues include those generated from administration of justice, parks, county administration, health and human

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services, flood control, tax administration, and roads and bridges. Taxes and other items not included among program revenues are reported instead as general revenues. Miscellaneous general revenues contain non-program specific contributions including capital asset contributions.

Fiduciary funds are excluded from the government-wide presentation of the financial statements.

Fund Statements

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on governmental long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Grant and entitlement revenues are also susceptible to accrual. Encumbrances are used during the year. These funds are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds, including the enterprise and internal service funds, and fiduciary funds, including agency funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using an economic resources measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included in the funds statement of net position. The agency funds are custodial in nature and involve no measurement of results of operations.

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

Funds are classified into three categories: Governmental, Proprietary, and Fiduciary. The major funds of the County are noted within each category.

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GOVERNMENTAL FUNDS: Used to account for all or most of a government's general activity.

General Fund - used to account for the general operations of the County, limited-tax permanent improvement debt service of the County, public improvement contingencies, the mobility program, and "internal special revenue funds" not meeting the special revenue fund definition of GAAP.

PROPRIETARY FUNDS: Used to account for operations that are financed in a manner similar to those in the private sector, where the determination of net income is appropriate for sound financial administration.

Toll Road Authority - used to account for the acquisition, operation, and maintenance of County toll roads. These facilities are financed primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing goods in connection with the proprietary fund's principal operations. The principal operating revenues of the Subscriber Access and Parking Facilities Enterprise Funds are user fees. Operating revenues of the Sheriff's Commissary Enterprise Fund are comprised of revenue from the sale of items to inmates. Toll Road Enterprise Fund operating revenues consist of fees assessed each time a vehicle passes through a toll station on the County's toll roads. Operating revenues in the Internal Service Funds consist primarily of charges to the various County departments, plus lease revenue reported in the Vehicle Maintenance and Radio Operations Funds. Operating expenses in the enterprise and internal service funds include the cost of sales and services, administrative expenses, incurred and estimated claims and reinsurance, utilities, travel and transportation, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

FIDUCIARY FUNDS: Used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The County reports nineteen agency funds as fiduciary funds. Agency funds are used to account for assets held by the County as an agent on behalf of various third parties outside the primary government.

E. BUDGETS

Harris County adheres to the following procedures in its consideration and adoption of its annual operating budget:

- Departmental annual budget requests are submitted by the Department or Agency Head to the County Budget Officer during the third quarter of the fiscal year for the upcoming fiscal year to begin March 1.
- Public hearings are held on the proposed budget.
- The County Auditor prepares an estimate of available resources for the upcoming fiscal year.
- The County Budget Officer prepares the proposed annual operating budget to be presented to Commissioners Court for their consideration. The budget represents the financial plan for the new fiscal year.

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- Commissioners Court must adopt an annual operating budget by a majority vote of Commissioners Court before April 1. The adopted budget must be balanced; that is, budgeted expenditures may not exceed available resources.
- Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.
- The department is the legal level of budgetary control for General Fund-Operating. Commissioners Court approval is necessary to transfer appropriations between departments. Transfers may not increase the total budget. Budgetary control for Special Revenue Funds, Debt Service Funds and Capital Project Funds is at the fund level.
- Commissioners Court may approve expenditures as an amendment to the original budget only in the case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention.
- The County Auditor shall certify to the Commissioners Court the receipt of all public or private grant or aid money that is available for disbursement in a fiscal year, but not included in the budget for that fiscal year. On certification, the court shall adopt a special budget for the limited purpose of spending the grant or aid money for its intended purpose.
- The County Auditor shall certify to the Commissioners Court the receipt of all revenue from intergovernmental contracts that are available for disbursement in a fiscal year, but not included in the budget for that fiscal year. On certification, the court shall adopt a special budget for the limited purpose of spending the revenue from intergovernmental contracts for its intended purpose.
- The County Auditor shall certify to the Commissioners Court the receipt of revenue from a new source not anticipated before the adoption of the budget and not included in the budget for that fiscal year. On certification, the court may adopt a special budget for the limited purpose of spending the revenue for general purposes or for any of its intended purposes.
- For financial reporting purposes several funds created for budgetary purposes may be combined into a single column on the CAFR.
- Appropriations lapse at year-end for all funds except Harris County Juvenile Board, Special Revenue Grants, and Capital Project Funds.
- Budgets are prepared on a cash basis (budget basis) which differs from GAAP basis.

A reconciliation of General Fund revenues and expenditures on a cash basis (budgetary basis) compared to modified accrual basis (GAAP) is presented in the Notes to the Required Supplementary Information.

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F. RESTRICTED ASSETS

Certain assets of the County's General Fund are classified as restricted assets because their use is restricted for a specific purpose by contract or state statute. The County uses the General Fund to account for the debt service on bonds issued for permanent improvement purposes, to account for certain imprest bank accounts, and mobility funds which are restricted by statute.

The Debt Service Funds' cash and investments are restricted for debt service on bonds issued for roads and flood control purposes.

Certain assets of the Toll Road Authority are classified as restricted assets because their use is restricted for debt service.

G. DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents include amounts in demand deposits as well as short-term investments with a maturity date of 90 days or less from the date of purchase. Investments are stated at fair value, which is based on quoted market prices with the difference between the purchase price and fair value being recorded as earnings on investments.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the County has many transactions between funds. The accompanying Fund Level financial statements reflect as transfers the resources provided and expenditures used to provide services, construct assets, and meet debt service requirements. The effect of interfund activity has been eliminated in the Government-wide financial statements, except for transactions between governmental and business-type activities.

I. INVENTORY

Inventory is stated at the lower of cost or market value, using the first-in first-out method for proprietary and governmental fund types. The costs of such inventories are recorded as expenditures/expenses when purchased.

J. PREPAIDS AND OTHER ASSETS

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund level financial statements.

K. PREMIUMS (DISCOUNTS) ON BONDS PAYABLE

Premiums (discounts) on bonds payable are amortized using the effective interest method over the term of the bonds.

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows consist of deferred charges on refundings and the changes in fair value of the Toll Road's hedging derivative instruments that are applicable to future reporting periods. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its

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reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows consist of the changes in fair value of the Toll Road's hedging derivative instruments that are applicable to future reporting periods and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. CAPITAL ASSETS AND INFRASTRUCTURE

Capital assets include land (including easements and right of ways), intangible assets, construction in progress, land improvements, buildings and building improvements, park improvements and facilities, equipment (including machinery, vehicles, animals, other tangible assets, exhaustible works of art and historical treasures and computer software), and infrastructure that are used in the County's operations and benefit the County for more than a single fiscal year. Infrastructure assets are long-lived assets that are generally stationary in nature and can typically be preserved for a significantly greater number of years than other capital assets. Infrastructure assets of the County include roads, bridges, flood control facilities, lighting, storm sewers, and tunnels.

Capital assets of the County are defined as assets with individual costs of \$5,000 or more and estimated useful lives in excess of one year. Exceptions to the \$5,000 capitalization threshold are as follows: it is the County's policy to capitalize all land other than easements, works of art and historical treasures, regardless of the historical cost. Easements greater than \$100,000 are capitalized. Purchased software greater than \$100,000 is capitalized; and internally developed software greater than \$1,000,000 is capitalized. The threshold for capitalizing land improvements, buildings and building improvements, and park improvements is \$100,000. The capitalization threshold for infrastructure ranges from \$25,000 to \$250,000, depending on the type of infrastructure asset.

All capital assets are stated at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. It is the County's policy not to capitalize interest on construction for capital assets reported in the governmental activities of the government-wide financial statements. The Toll Road Enterprise Fund capitalizes, as a cost of its constructed property, the interest expense and certain other costs of bonds issued for construction purposes, less the interest earned on the proceeds of those bonds from the date of the borrowing until the date the property is ready for use. During fiscal year 2014, \$3,452,769 of interest expense was capitalized.

Capital assets are depreciated in the government-wide financial statements using the straight-line method over the following useful lives:

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<u>Asset</u>	<u>Years</u>	<u>Asset</u>	<u>Years</u>
Land improvements	20	Computer software	5
Buildings	45	Infrastructure:	
Park improvements	30	Bridges	40
Equipment	3-20	Flood control channels	25-75
Machinery	15	Roads	20-50
Vehicles	4-15	Lighting	20
Animals	7	Storm sewers	30-75
Other tangible assets	5	Tunnels	40
Exhaustible works of art and historical treasures	10	Intangible - software licenses	contract term

N. NET POSITION AND FUND BALANCES

NET POSITION CLASSIFICATIONS

Net position in the proprietary fund financial statements and the government-wide financial statements are classified in three categories: 1) Net investment in capital assets, 2) Restricted net position, and 3) Unrestricted net position.

FUND BALANCE CLASSIFICATIONS

Under GAAP, fund balances are required to be reported according to the following classifications:

Nonspendable – Amounts that cannot be spent because they are either not in spendable form or they are required, legally or contractually, to be maintained intact. This classification includes inventories, prepaid amounts, assets held for resale, and long-term receivables (if the proceeds from the collection of the receivables are not restricted, committed, or assigned).

Restricted – These amounts represent assets that have externally imposed restrictions by creditors, grantors, contributors, or laws or regulations of other governments. Assets may also be restricted as imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. The County’s highest level of decision-making authority resides with the Commissioners Court. The constraints imposed by the formal action of the Commissioners Court remain binding unless removed or changed in the same manner employed to previously commit those resources. To establish, modify, or rescind a fund balance commitment requires an order adopted by Commissioners Court.

Assigned – Amounts that are constrained by the County’s intent to be used for a specific purposes, but that do not meet the criteria to be restricted or committed. Such intent should be expressed by the Commissioners’ Court or its designated officials to assign amounts to be used. The County Budget Officer, by virtue of Commissioners Court ordered appointment to that office and as a normal function of that office, has the authority to assign fund balance to particular purposes. Assignments made by the County Budget Officer can occur during the

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budget process or throughout the year in the normal course of business. Commissioners Court, at their discretion, may make assignments of fund balance or direct other County officials to do so. Constraints imposed on the use of the assigned amounts can be removed with no formal action.

Unassigned – Amounts that have not been restricted, committed, or assigned.

For the classification of fund balances in the governmental funds, the County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

In the proprietary fund financial statements and in the government-wide financial statements, restricted net position is reported for amounts that are externally restricted by 1) creditors (e.g., bond covenants), grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provision or enabling legislation.

O. COMPENSATED ABSENCES

Accumulated compensatory time, vacation, and sick leave expected to be liquidated with expendable available financial resources are reported as expenditures in the respective governmental funds. Accumulated compensated absences not expected to be liquidated with expendable available resources are reported as expenses and long-term liabilities in the governmental activities column of the government-wide financial statements. The majority of these have typically been liquidated from the General Fund in previous years. A liability for compensated absences is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Accumulated compensated absences of Proprietary Funds are recorded as an expense and liability in the respective fund and in the business-type activities column of the government-wide financial statements as the benefit accrues for the employee.

Employees accrue 9.75 days of sick leave per year. Sick leave benefits are recognized as they are used by the employees. Employees may accumulate up to 720 hours of sick leave. Unused sick leave benefits are not paid at termination. Employees accrue from three to ten hours of vacation per pay period depending on years of service and pay period type (standard versus extra). Employees may accumulate from 120 to 280 hours of vacation benefits, depending on years of service. Upon termination, employees are paid the balance of unused vacation benefits.

Non-exempt employees earn compensatory time at one and one-half times their full pay times the excess of 40 hours per week worked. The compensatory time balance for non-exempt employees may not exceed 240 hours. Hours in excess of the 240 hour maximum must be paid to the non-exempt employee. The compensatory time earned at time and a half is paid at the regular rate of pay. Upon termination, non-exempt employees will be paid for compensatory time at their wage rate at time of termination. Exempt employees earn compensatory time at their regular rate of pay for hours worked in excess of 40 hours a week. Exempt employees can

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accumulate up to 240 hours of compensatory time. Upon termination, exempt employees are paid one-half of the compensatory time earned at the wage rate at time of termination. Compensatory time is carried forward indefinitely.

P. STATEMENT OF CASH FLOWS

For purposes of cash flows, the County considers cash equivalents to include all highly liquid investments (including restricted) with a maturity of three months or less when purchased.

Q. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

R. COMPONENT UNIT TAX REVENUES

The Hospital District is partially financed by property tax levies (recorded as operating revenues), and partially financed by user charges, the usual revenue source for a proprietary fund activity. However, because of the unique character of services provided by the Hospital District, proprietary fund accounting is necessary to provide meaningful measurement of cost of services of the Hospital District.

2. DEPOSITS AND INVESTMENTS

Deposits: Chapter 2257 of the Texas Government Code is known as the Public Funds Collateral Act. This act provides guidelines for the amount of collateral that is required to secure the deposit of public funds. Federal Depository Insurance Corporation (FDIC) is available for funds deposited at any financial institution up to a maximum of \$250,000 each for demand deposits, time and savings deposits, and deposits pursuant to indenture. The Public Funds Collateral Act requires that the deposit of public funds be collateralized in an amount not less than the total deposit, reduced by the amount of FDIC insurance available.

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. At February 28, 2014, the balance per various financial institutions was \$726,993,990. The County's deposits are not exposed to custodial credit risk since all deposits are covered by FDIC insurance or an irrevocable standby letter of credit with the Federal Home Loan Bank of Dallas, in accordance with the Public Funds Collateral Act.

Investments: Chapter 2256 of the Texas Government Code is known as the Public Funds Investment Act. This act authorizes Harris County to invest its funds pursuant to a written investment policy which primarily emphasizes the safety of principal and liquidity, addresses investment diversification, yield, and maturity.

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The Harris County Investment Policy is reviewed and approved at least annually by Commissioners Court. The Investment Policy includes a list of authorized investment instruments, a maximum allowable stated maturity by fund type, and the maximum weighted average maturity of the overall portfolio. Guidelines for diversification and risk tolerance are also detailed within the policy. Additionally, the policy includes specific investment strategies for fund groups that address each group's investment options and describes the priorities for suitable investments.

AUTHORIZED INVESTMENTS

Funds of Harris County may be invested as authorized by the Public Funds Investment Act which is located in Chapter 2256 of the Texas Government Code. Allowable investments include:

1. Direct obligations of the United States, its agencies and instrumentalities.
2. Other obligations, the principal and interest of which are unconditionally guaranteed, insured, or backed by the full faith and credit of the State of Texas, the United States, or any obligation fully guaranteed or fully insured by the FDIC.
3. Direct obligations of the State of Texas or its agencies provided the agency has the same debt rating as the State of Texas.
4. Obligations of states, agencies, counties, cities, and other political subdivisions located in the United States, rated not less than A, or its equivalent, by a nationally recognized investment rating firm.
5. Fully insured or collateralized certificates of deposit/share certificates issued by state and national banks, or a savings bank, a state or federal credit union (having its main or branch office in Texas) guaranteed or insured by the FDIC or its successor; and secured by obligations in number 1 above. In addition to the County's authority to invest funds in certificates of deposit and share certificates as stated above, made in accordance with the following conditions is an authorized investment under Texas Gov't. Code Section 2256.010(b): (1) the funds are invested by the County through a clearing broker registered with the Securities and Exchange Commission (SEC) and operating pursuant to SEC rule 15c3-3 (17 C.F.R. Section 240.15c3-3) with its main office or branch office in Texas and selected from a list adopted by the County as required by Section 2256.025; or a depository institution that has its main office or a branch office in this state and that is selected by the County; (2) the broker or the depository institution selected by the County arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; (4) the broker or depository institution selected by the County acts as custodian for the County with respect to the certificates of deposit issued for the account of the County.
6. Fully collateralized repurchase agreements (provided the County has on file), a signed Master Repurchase Agreement detailing eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination.

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The repurchase agreement must have a defined termination date and be secured by obligations in number 1 above. It is required that the securities purchased as part of the repurchase agreement must be assigned to the County, held in the County's name, and deposited at the time the investment is made with the County's custodian or with a third-party approved by the County. Securities purchased as part of a repurchase agreement shall be marked-to-market no less than weekly. All repurchase agreements must be conducted through a primary government securities dealer as defined by the Federal Reserve or a financial institution doing business in Texas. Maturities shall be limited to 90 days. The 90-day limit may be exceeded in the case of flexible repurchase agreements ("flex repos") provided the investment type is specifically authorized within individual bond ordinances and final maturity does not exceed the anticipated spending schedule of bond proceeds.

7. Securities lending programs if the loan is fully collateralized, including accrued income, by securities described in Texas Gov't. Code, Section 2256.009, by irrevocable bank letters of credit issued by a bank under the laws of the United States or any other state, continuously rated not less than A by at least one nationally recognized investment rating firm, or by cash invested in accordance with the Investment Act. Securities held as collateral must be pledged to the investing entity, held in the investing entity's name, and deposited at the time the investment is made. A loan must be placed through a primary government securities dealer or a financial institution doing business in Texas. A loan must allow for termination at any time and must have a term of one year or less.
8. Commercial paper with a stated maturity of 270 days or less from the date of issuance, rated A-1 or P-1 or an equivalent rating by at least two nationally recognized agencies, and not under review for possible downgrade at the time of purchase.
9. Local government investment pools with a dollar weighted average maturity of 60 days or less, approved through resolution of County Commissioners to provide services to the County, continuously rated no lower than AAA or equivalent by at least one nationally recognized rating service. The County may not invest an amount that exceeds 10 percent of the total assets of any one local government investment pool. On a monthly basis, the Investment Officer shall review a list of securities held in the portfolio of any pool in which County funds are being held. To be eligible to receive funds from and invest funds on behalf of the County an investment pool must furnish to the Investment Officer or other authorized representative an offering circular or other similar disclosure instrument that contains information required by Tex. Gov't. Code Sec. 2256.016. Investments will be made in a local government investment pool only after a thorough investigation of the pool and review by the Finance Committee.
10. A Securities and Exchange Commission (SEC) registered, no load money market mutual fund which has a dollar weighted average stated maturity of 60 days or less and whose investment objectives includes the maintenance of a stable net asset value of \$1 for each share. Furthermore, it must be rated not less than AAA or equivalent by at least one nationally recognized rating service and the County must be provided with a prospectus and other information required by the SEC Act of 1934 or the Investment Company Act of 1940. The County may not invest an amount that exceeds 10 percent of the total assets of any one fund.

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Investments will be made in a money market mutual fund only after a thorough investigation of the fund and review by the Finance Committee.

Summary of Cash and Investments

Harris County's cash and investments are stated at fair value. The following is a summary of the County's cash and investments at February 28, 2014:

	Governmental Funds	Proprietary Funds	Total	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 586,705,532	\$ 238,187,608	\$ 824,893,140	\$ 286,564,040	\$ 1,111,457,180
Restricted Cash and Cash Equivalents	97,820,452	49,069,574	146,890,026	-	146,890,026
Investments	566,751,328	831,105,826	1,397,857,154	114,271,455	1,512,128,609
Restricted Investments	157,269,131	259,208,009	416,477,140	-	416,477,140
Total Cash & Investments	\$ 1,408,546,443	\$ 1,377,571,017	\$ 2,786,117,460	\$ 400,835,495	\$ 3,186,952,955

Harris County follows the practice of pooling investments for many of the funds identified on the financial statements. Most of the general fund is pooled with other County funds for investment purposes. Interest income earned on pooled cash and investments is allocated each accounting period to the various funds based on the ending cash balances. For financial statement purposes, the principal value of pooled investments is allocated between the participating funds.

The table below indicates the fair value and maturity value of the County's investments as of February 28, 2014, summarized by security type. Also demonstrated are the percentage of total portfolio and the weighted average maturity in days for each summarized security type.

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
<i>US Agency Notes</i>					
FFCB	\$ 49,618,000	1.71%	\$ 50,000,000	0.0477	AA+/Aaa
FHLB	139,696,150	4.82%	141,000,000	0.1795	AA+/Aaa
FHLB Step Up Note	19,605,400	0.68%	20,000,000	0.0286	AA+/Aaa
FHLMC	118,910,990	4.10%	120,000,000	0.1485	AA+/Aaa
FNMA	341,527,862	11.78%	344,384,000	0.4151	AA+/Aaa
FNMA Step Up Note	104,514,100	3.60%	105,250,000	0.1440	AA+/Aaa
<i>Commercial Paper</i>					
FCAR I	14,999,675	0.52%	15,000,000	0.0001	A-1+/P-1
GECC	8,663,270	0.30%	8,672,000	0.0012	A-1+/P-1
TCCI	29,995,935	1.03%	30,000,000	0.0014	A-1+/P-1
TMCC	722,163,212	24.91%	722,761,000	0.0835	A-1+/P-1
TMCPR	12,975,338	0.45%	12,990,000	0.0019	A-1+/P-1

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Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
<i>Local Governments</i>					
Alamo TX Community College Dist	1,052,678	0.04%	1,050,000	0.0010	AA-/Aa2
Allen, TX Economic Development	421,700	0.01%	400,000	0.0003	Aa3
Auburn Washington Utility System	2,163,176	0.07%	1,865,000	0.0064	AA
Austin, TX Rev 11A	2,063,780	0.07%	2,000,000	0.0089	AAA/Aaa
AZ State School Facilities Board	12,945,790	0.45%	13,000,000	0.0189	AAA/Aaa
AZ Transportation	2,747,836	0.09%	2,800,000	0.0040	AA+/Aa2
Bergen City NJ	1,043,970	0.04%	1,000,000	0.0009	AAA/Aaa
Bexar County, TX GO	4,592,385	0.16%	4,500,000	0.0235	AA+/Aaa
Broward Cnty FL Port Facilities	1,663,206	0.06%	1,640,000	0.0008	AA-/A2
Bucks Cnty PA Redevelopment	250,565	0.01%	250,000	0.0002	Aaa
Burien Wash BAB Taxable GO	1,182,330	0.04%	1,160,000	0.0036	A1
California State Variable Purpose GO	1,009,520	0.03%	1,000,000	0.0002	A/A1
Cayuga Cnty NY	508,250	0.02%	500,000	0.0002	AA/A1
Central OK Transport & Pkg Rev	602,395	0.02%	600,000	0.0004	AA/Aa2
City of Cedar Rapids IA	1,043,330	0.04%	1,000,000	0.0011	Aaa
Clarkson MI Cmnty	2,543,809	0.09%	2,555,000	0.0027	Aa2
Clayton Cty GA & Wtr Auth Rev Txbl	1,938,733	0.07%	1,945,000	0.0024	AA+/Aa2
College Station TX ISD	1,361,306	0.05%	1,280,000	0.0046	AA-/Aa2
College Station, TX Utility System	1,159,689	0.04%	1,115,000	0.0039	A+/Aa2
Colorado St Housing & Fin Auth Txbl	5,100,850	0.18%	5,000,000	0.0038	Aa2
Commonwealth Fing Authority	340,421	0.01%	325,000	0.0001	AA-/A1
Conroe TX Industrial Development Rev	5,678,150	0.20%	5,445,000	0.0199	AA-
Conroe TX Industrial Dev Corp	402,184	0.01%	400,000	0.0001	AA-/A1
Cook County IL	3,957,218	0.14%	3,810,000	0.0036	AA/A1
CT St Muni Elec Energy Coop Pwr	2,141,851	0.07%	2,150,000	0.0021	Aa3
Dallas, TX Ref GO	2,144,660	0.07%	2,000,000	0.0057	AA+/Aa1
Denver, CO BAB	3,677,175	0.13%	3,540,000	0.0136	AAA/Aa1
Denver, CO City County	2,685,393	0.09%	2,495,000	0.0015	A+/A1
Denver, CO Public SC	499,750	0.02%	500,000	0.0006	Aa3
Dorchester Cnty Sch Dist Revs	2,006,960	0.07%	2,000,000	0.0025	AA-/Aa3
Elizabeth NK Txbl	900,783	0.03%	900,000	0.0000	MIG1
Ellis County, TX GO	2,864,454	0.10%	2,640,000	0.0087	Aa2
Ewing Township NJ Sch	4,768,520	0.16%	4,760,000	0.0042	AA-
Franklin WI Taxable	4,669,938	0.16%	4,669,938	0.0000	Aa1
Frisco, TX GO	1,147,153	0.04%	1,035,000	0.0024	AA/Aa1
Grand Strand SC Water & Sewer	1,033,230	0.04%	1,000,000	0.0008	AA/Aa2
Grayson County, TX Pass Thru Toll	3,137,341	0.11%	3,040,000	0.0094	AA/Aa2
Greensboro, NC Build America Bnds	2,112,860	0.07%	2,000,000	0.0073	AAA/Aaa
Harris Cnty TX - Hospital Dist 07A	7,993,861	0.28%	7,370,000	0.0219	A/A2
Hawaii Air System	1,238,351	0.04%	1,180,000	0.0006	A/A2
Hillsborough County FL Utility	14,655,685	0.51%	14,165,000	0.0413	AA+/Aa1
Honolulu City & Cnty HI	4,885,334	0.17%	4,930,000	0.0060	Aa1
Houston, TX Independent School Distri	5,409,050	0.19%	5,000,000	0.0229	AAA/Aaa
Houston TX University	4,545,585	0.16%	4,500,000	0.0158	AA/Aa2
Houston TX Utility Systems	2,291,352	0.08%	2,100,000	0.0101	AA
Houston TXBL Ref	200,000	0.01%	200,000	0.0000	AA/Aa

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Idaho Bond Bank Authority Rev	4,572,713	0.16%	4,240,000	0.0134	Aa1
Illinois Housing Development Auth	400,800	0.01%	400,000	0.0002	AA/Aa3
Indiana St Bond Bank Rev	2,021,800	0.07%	2,000,000	0.0023	AA+
Katy, TX ISD BAB	2,290,080	0.08%	2,000,000	0.0065	AAA/Aaa
Lancaster PA Redev Auth Rev Txbl	600,006	0.02%	600,000	0.0001	A1
Louisiana St UTGO Txbl	2,023,260	0.07%	2,000,000	0.0035	AA/Aa2
Maine Muni BD OP Rev Txbl	1,000,150	0.03%	1,000,000	0.0004	A+/A1
Malone NY Central School Dist	493,114	0.02%	480,000	0.0004	AA-/A1
Mansfield, TX	4,351,920	0.15%	4,000,000	0.0145	AAA/Aaa
Maryland Txbl 2nd Series B	10,108,400	0.35%	10,000,000	0.0084	AAA/Aaa
Massachusetts St Water Pol Txbl	2,998,200	0.10%	3,000,000	0.0020	AAA/Aaa
Mercer Cnty NJ IMPT	2,092,141	0.07%	1,935,000	0.0019	AA+/Aa2
Met Govt Nash Tax	1,003,810	0.03%	1,000,000	0.0008	AA/Aa1
Met Washington DC Apartments Auth	2,144,070	0.07%	2,000,000	0.0018	AA-/A1
Met Water District Southern CA	1,514,535	0.05%	1,500,000	0.0007	AAA/Aa1
Miss St Dev Fin Brd TXBL	1,261,474	0.04%	1,260,000	0.0015	AA/Aa2
Missouri St Dev Fin TXBL	749,716	0.03%	745,000	0.0004	AA/Aa2
Montgomery County, TX GO	3,827,600	0.13%	3,500,000	0.0152	AA/Aa1
N Orange County CA Cmnty Clg Dist	2,511,325	0.09%	2,500,000	0.0029	AA/Aa1
Nevada St Txbl Ref Cap	1,507,785	0.05%	1,500,000	0.0015	AA/Aa2
New Britain CT BAB TXBL Go Unltd	1,867,608	0.06%	1,800,000	0.0016	AA-/A2
New York, NY GO Bond	4,584,862	0.16%	4,520,000	0.0025	AA/Aa2
New York State Dorm Auth Pers Incm	15,307,943	0.53%	15,015,000	0.0054	AAA
North TX Munipl Water District BAB	2,880,513	0.10%	2,700,000	0.0084	AAA/Aa2
North TX Tollway	3,830,470	0.13%	3,500,000	0.0155	AA-/A2
Northwest TX	2,216,180	0.08%	2,000,000	0.0077	Aaa
NY St Urban Dev Corp Rev Txbl	9,053,946	0.31%	9,070,000	0.0064	AAA/Aa
Ohio St Water/Sewer Dev Auth	3,525,082	0.12%	3,530,000	0.0027	AA+/Aa1
Onslow Ctny NC LTD	1,654,006	0.06%	1,640,000	0.0018	A+/Aa3
Oregon State Alt Energy Project	2,886,252	0.10%	2,780,000	0.0121	AA+/Aa1
Orleans Parish LA Sch	1,013,030	0.03%	1,000,000	0.0003	AA-/Aaa
Pearland, TX Ref-Perm Improvement	1,164,634	0.04%	1,075,000	0.0035	AA-/Aa2
Port Auth NY NJ	14,795,666	0.51%	15,220,000	0.0188	AA-/Aa3
Port Seattle, Washington GO	2,785,805	0.10%	2,750,000	0.0007	AAA/Aa1
Red River TX Education Finance	2,607,029	0.09%	2,535,000	0.0115	Aa3
Regional Trans Dist Co SA	6,276,629	0.22%	6,150,000	0.0077	AAA/Aa2
Rhode Island St Econ Dev Corp	2,016,580	0.07%	2,000,000	0.0001	AA-/Aa3
Rhode Island St Housing & MTGE	468,557	0.02%	470,000	0.0004	Aa2
Round Rock, TX ISD BAB	1,086,810	0.04%	1,000,000	0.0029	Aaa
Salt Lake County, Utah Sales Tax R	1,694,124	0.06%	1,630,000	0.0065	AAA
San Antonio, TX Build America Bnds	1,815,292	0.06%	1,635,000	0.0079	AAA/Aaa
San Antonio, TX Water Rev	2,908,321	0.10%	2,820,000	0.0098	AA+/Aa1
San Antonio, TX Water Rev BAB	3,259,320	0.11%	3,000,000	0.0088	AA+/Aa1
San Marcos, TX ISD	1,614,660	0.05%	1,500,000	0.0047	AAA/Aaa
Sioux Falls SD Sales	1,426,920	0.05%	1,410,000	0.0003	AA-/Aa2
Snohomish County, WA BAB	2,901,174	0.10%	2,760,000	0.0091	AA/Aa2
Southern Methodist Univ Txbl	985,270	0.03%	1,000,000	0.0015	AA-/Aa3

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St Louis City, MO	1,742,585	0.06%	1,700,000	0.0007	Aa1
State of Texas Go Bond	521,680	0.02%	500,000	0.0006	AAA/Aaa
Sugar Land, TX CTFS	5,725,512	0.20%	5,400,000	0.0245	AAA/Aaa
Tennessee State GO	2,513,338	0.09%	2,475,000	0.0012	AA+/Aaa
Texas City, TX ISD	1,444,726	0.05%	1,285,000	0.0055	AA
Texas St A&M Univ Perm Univ Fund	1,012,030	0.03%	1,000,000	0.0008	AAA/Aaa
Texas State Tech University Rev Bnds	1,826,797	0.06%	1,850,000	0.0069	AA
TN St Series C Refunding	498,560	0.02%	500,000	0.0005	AA+/Aaa
Travis County, TX Certicates Obligatio	1,652,595	0.06%	1,505,000	0.0052	AAA/Aaa
Univ of California Rev Txbl	987,230	0.03%	1,000,000	0.0007	AA/Aa1
Virginia ST HSG Dev Auth	1,100,429	0.04%	1,100,000	0.0012	AAA/Aaa
Virginia ST HSG Development Auth	1,376,623	0.05%	1,375,000	0.0067	AA+/Aa1
Virginia St Port Authority	2,274,995	0.08%	2,275,000	0.0016	AA+/Aa1
Washington Cnty Ore Sch	974,800	0.03%	1,000,000	0.0011	AA+/Aa1
Washington St Cops Agy Prop	6,842,492	0.24%	7,015,000	0.0096	Aa2
Washington St CTGS Part	2,170,084	0.07%	2,245,000	0.0025	Aa2
Washington St TXBL	1,505,940	0.05%	1,500,000	0.0010	AA+/Aa1
Wayne Township in Met Sch District	1,990,720	0.07%	2,000,000	0.0011	AA+
West Univ Place, TX	982,300	0.03%	1,000,000	0.0013	AAA
Williamson County, TX	2,837,346	0.10%	2,665,000	0.0073	AAA/Aa1
Wisconsin St Gen Annual Rev	500,500	0.02%	500,000	0.0004	AA-/Aa3
<i>Money Market Mutual Funds</i>					
Logic Investment Pool	140,520,290	4.84%	140,520,290	N/A	AAAm/Aaa
Lone Star Investment Pool	340,573,970	11.75%	340,573,970	N/A	AAAm/Aaa
Fidelity Instl Treasury	441,585,342	15.23%	441,585,342	N/A	AAAm/Aaa
Fidelity Instl Tax Exempt	49,063,744	1.69%	49,063,744	N/A	AAAm/Aaa
Invesco	32,428,188	1.13%	32,428,188	N/A	AAAm/Aaa
Invesco Tax Exempt	16,641,311	0.57%	16,641,311	N/A	AAAm/Aaa
Total Investments	<u>2,898,846,198</u>	<u>100.00%</u>	<u>\$ 2,897,744,783</u>		
<i>Outstanding items</i>	<u>288,106,757</u>				
Total Cash & Investments	<u><u>\$ 3,186,952,955</u></u>				

RISK DISCLOSURES

Interest Rate Risk: All investments carry the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by matching cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

According to the County investment policy, no more than 50% of the portfolio, excluding those investments held for construction/capital projects, special revenue, flood control, proprietary and enterprise, Public Improvement Contingency, District Clerk Registry, County Clerk Registry, and

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bond reserves, may be invested beyond three years. Additionally at least 15% of the portfolio, with the previous exceptions, is invested in overnight instruments or in marketable securities which can be sold to raise cash within one day's notice. Overall, the average maturity of the portfolio, with the previous exceptions, shall not exceed three years. As of February 28, 2014, the County was in compliance with all of these guidelines to manage interest rate risk.

Credit Risk and Concentration of Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County mitigates these risks by emphasizing the importance of a diversified portfolio. All funds must be sufficiently diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In particular, no more than 25% of the overall portfolio may be invested in time deposits, including certificates of deposit, of a single issuer. Concentration by issuer for other investment instruments is not specifically addressed in the investment policy. However, the policy does specify that acceptable investment instruments must have high quality credit ratings and, consequently, risk is minimized.

The County's investment policy establishes minimum acceptable credit ratings for certain investment instruments. Securities of states, agencies, counties, cities and other political subdivisions must be rated as to investment quality by a nationally recognized investment rating firm as A or its equivalent. Money market mutual funds and public funds investment pools must be rated AAA or its equivalent by at least one nationally recognized investment rating firm.

The Harris County Sports & Convention Corporation (the "Corporation"), a blended component unit of the County, maintains investments made during the fiscal year ended February 28, 2003 of \$12 million in the Sports Authority's Subordinate Lien Notes Series 2001 C-1 and Series 2001 C-2 which are not in compliance with Chapter 2256 of the Texas Government Code because the notes did not receive a rating from at least one nationally recognized investment rating firm.

Custodial Credit Risk: Investments are exposed to custodial credit risk if the investments are uninsured, are not registered in the County's name and are held by the counterparty. In the event of the failure of the counterparty, the County may not be able to recover the value of its investments that are held by the counterparty. As of February 28, 2014, all of the County's investments are held in the County's name.

Foreign Currency Risk: Foreign currency risk is the risk that fluctuations in the exchange rate will adversely affect the value of investments denominated in a currency other than the US dollar. The County Investment Policy does not list securities denominated in a foreign currency among the authorized investment instruments. Consequently, the County is not exposed to foreign currency risk.

FUND INVESTMENT CONSIDERATIONS

The Investment Policy outlines specific investment strategies for each fund or group of funds identified on the Harris County financial statements. The two investment strategies employed by Harris County are the Matching Approach and the Barbell Approach. The Matching Approach is an investment method that matches maturing investments with disbursements. Matching requires an

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accurate forecast of disbursement requirements. The Barbell Approach is an investment method where maturities are concentrated at two points, one at the short end of the investment horizon and the other at the long end. Specific guidelines have not been established for Pooled Investments, but the same standards that were developed for the General Fund Group are also applicable to Pooled Investments. The investment strategies and maturity criteria are outlined in the following table.

Fund Type	Investment Strategy	Maximum Maturity Per Policy (Years)	Maturity Amount	Average Remaining Years To Maturity
Pooled Investments	Matching	3	\$ 491,365,000	0.62
Public Improvement Contingency	Matching/Barbell	6	43,045,000	2.48
Special Revenue Funds	Matching	5	11,269,000	1.04
Debt Service Funds	Matching	3	436,627,938	1.42
Capital Project Funds	Matching/Barbell	5	52,825,000	2.34
Proprietary Funds	Matching/Barbell	6	53,965,000	2.42
Toll Road Project Funds	Matching/Barbell	6	435,610,000	5.42
Toll Road Renewal/Replacement	Matching/Barbell	6	158,095,000	3.26
Toll Road Bond Reserve	Matching	Maturity of the bonds	99,930,000	14.10
County Clerk Registry	Matching/Barbell	7	43,725,000	2.96
District Clerk Registry	Matching/Barbell	7	50,475,000	3.13
Money Market Mutual Funds	N/A	N/A	1,020,812,845	N/A
			<u>\$ 2,897,744,783</u>	

Note: Money Market Mutual Funds are excluded from the various fund types which may affect the average remaining days to maturity.

3. PROPERTY TAXES

COUNTY

Property taxes for the County and the Flood Control District are levied on tax rates adopted within 60 days of receiving the certified roll or September 30, whichever is later. Tax rates are usually adopted in September or October. Taxes are levied on the assessed value of all taxable real and personal property as of the preceding January 1. On January 1, at the time of assessment, an enforceable lien is attached to the property for property taxes. All tax payments not received by February 1, after the taxes are levied, are considered delinquent. Accordingly, no current taxes receivable are reported. Appraised values are determined by the Harris County Appraisal District (“Appraisal District”) equal to 100% of the appraised market value as required by the State Property Tax Code. Real property must be appraised at least every three years. Taxpayers and taxing units may challenge appraisals of the Appraisal District through various appeals and, if necessary, legal action.

The County is responsible for setting the tax rates for the County, the Flood Control District, the Hospital District, and the Port of Houston Authority for debt service only. The County adopted the 2013 tax rate, per \$100 of taxable value, for the County and Flood Control District as follows:

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	<u>Maintenance and Operations</u>	<u>Debt Service</u>	<u>Total</u>
Harris County			
Constitutional Funds	\$ 0.34547	\$ 0.05158	\$ 0.39705
Road Debt Service	-	0.01750	0.01750
Total - Harris County	<u>\$ 0.34547</u>	<u>\$ 0.06908</u>	<u>\$ 0.41455</u>
Flood Control District	<u>\$ 0.02620</u>	<u>\$ 0.00207</u>	<u>\$ 0.02827</u>

The County is permitted by law to levy tax rates for general fund, jury fund, road and bridge fund and permanent improvement fund purposes up to \$0.80 per \$100 of taxable valuation. The County levied a tax rate of \$0.41455 per \$100 of taxable valuation subject to the \$0.80 tax rate limitation, of which \$0.39705 per \$100 valuation was for Constitutional Funds, and a tax rate of \$0.01750 per \$100 valuation was for the Road Debt Service.

The Flood Control District is permitted by law to levy a tax rate up to \$0.30 per \$100 of taxable valuation. There is no limitation on the tax rate which may be set for debt service within the \$0.30 tax rate limit. The tax rate for maintenance and operations is limited to the rate as may from time to time be approved by the voters of the Flood Control District. The maximum tax rate for maintenance and operations is \$0.15 per \$100 of taxable valuation. A tax rate of \$0.02620 per \$100 valuation was set in 2013 for the Flood Control District's maintenance and operations. The County Tax Assessor-Collector bills and collects the taxes for the County, Flood Control District, Hospital District, Port of Houston Authority, City of Houston and various other jurisdictions within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor-Collector's Agency Fund. Tax collections deposited for the County and Flood Control District are distributed on a periodic basis to the respective General Funds and Debt Service Funds. These distributions are based upon the tax rate established for each fund by order of the Commissioners Court for the tax year for which the collections are made.

Property tax receivables of \$74,556,612 as of February 28, 2014 are reported net of an allowance for uncollectible taxes of \$108,136,518.

COMPONENT UNITS

The Hospital District receives property taxes levied by the County Commissioners Court for operations. Ad Valorem tax revenues are recorded at the time the taxes are assessed, net of provisions for uncollected amounts and collection expenses. Subsequent adjustments to the tax rolls, recorded by the County Tax Assessor-Collector, are included in the revenues in the period such adjustments are made by the County Tax Assessor-Collector.

Property tax receivables of \$25,234,000 as of February 28, 2014 are reported net of an allowance for uncollectible taxes of \$51,425,000 for the Hospital District.

4. OTHER RECEIVABLES

The County reports accounts receivables and other receivables in the various funds for amounts to be received from customers, granting agencies, and the Tax Assessor. A breakdown of these receivables at February 28, 2014 is as follows:

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RECEIVABLES AND OTHER RECEIVABLES

	Customers	Granting Agencies	Tax Assessor	Totals	Allowance for Uncollectible
General	\$ 21,434,544	\$ -	\$ 9,960,459	\$ 31,395,003	\$ (1,566,910)
Nonmajor Governmental	12,664,126	78,530,749	8,976,252	100,171,127	(879,411)
Toll Road	8,274,548	-	-	8,274,548	(138,629,667)
Nonmajor Enterprise	1,124,584	-	-	1,124,584	(38,080)
Internal Service	3,800,715	-	-	3,800,715	(298,225)
Component Units	90,815,252	247,657,089	-	338,472,341	(80,056,281)
Totals	<u>\$ 138,113,769</u>	<u>\$ 326,187,838</u>	<u>\$ 18,936,711</u>	<u>\$ 483,238,318</u>	<u>\$ (221,468,574)</u>

5. INTERFUND BALANCES AND TRANSFERS

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year. Balances between individual governmental funds and between governmental funds and internal service funds are eliminated in the government-wide financial statements.

The interfund receivable and payable balances, by individual major fund, other governmental funds (aggregated), other proprietary funds (aggregated), internal service funds (aggregated), and fiduciary funds as of February 28, 2014 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 57,131,767
	Toll Road	285,358
	Internal Service	116,832
Toll Road	Nonmajor Governmental	260,742
	General	236,513
Nonmajor Governmental	Nonmajor Governmental	3,472,480
	Internal Service	41,544
	Nonmajor Governmental	39,912
Internal Service	Toll Road	264,406
Total		<u>\$ 61,849,554</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 40,000
Nonmajor Governmental	Nonmajor Governmental	12,651,000 (2)
Toll Road	General	22,934,097 (1)
Total		<u>\$ 35,625,097</u>

(1) In September 2006, the Toll Road Fund advanced \$26 million to the County's General Fund to cover the County's repayment of a long term note on behalf of the Harris County Sports &

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Convention Corporation. The repayment of the note plus interest by the Harris County/Houston Sports Authority to the County and subsequently to the Toll Road Fund began in 2011 and will continue through 2020. (2) The \$12 million relates to the investment discussed in Note 2.

The following is a summary of the County's transfers for the year ended February 28, 2014:

	Transfers In:		Internal	Total
	General	Nonmajor Governmental	Service	
Transfers Out:				
General	\$ -	\$ 51,486,190	\$ 6,422,268	\$ 57,908,458
Nonmajor Governmental	13,726,964	29,301,574	-	43,028,538
Toll Road	121,047,886	-	-	121,047,886
Internal Service	-	-	969,060	969,060
Total	<u>\$ 134,774,850</u>	<u>\$ 80,787,764</u>	<u>\$ 7,391,328</u>	<u>\$ 222,953,942</u>

Toll Road transferred \$120 million to the General fund for funding of a County thoroughfare and mobility program. All other transfers are routine in nature, such as cash match of grants, debt service payments, and internal service costs.

6. CAPITAL ASSETS

COUNTY

Capital asset activity for the year ended February 28, 2014 was as follows:

	Balance				Balance
	March 1, 2013	Additions	Deletions	Transfers	February 28, 2014
Governmental Activities:					
Land	\$ 4,048,288,025	\$ 23,696,677	\$ (3,606,359)	\$ (1,976,059)	\$ 4,066,402,284
Construction in progress	245,882,574	192,410,110	(18,197,147)	(203,245,001)	216,850,536
Intangible assets - water rights	2,400,000	-	-	-	2,400,000
Total capital assets not depreciated	<u>4,296,570,599</u>	<u>216,106,787</u>	<u>(21,803,506)</u>	<u>(205,221,060)</u>	<u>4,285,652,820</u>
Intangible assets - software & licenses	38,643,289	1,195,180	(151,740)	1,833,724	41,520,453
Land improvements	8,587,083	-	(2,400,604)	2,141,094	8,327,573
Infrastructure	10,737,463,474	80,738,081	(47,301,935)	78,278,139	10,849,177,759
Park facilities	169,766,704	-	(237,778)	9,009,967	178,538,893
Flood control projects	768,911,212	-	-	93,827,182	862,738,394
Buildings	1,742,991,170	227,969	(293,895)	19,522,992	1,762,448,236
Equipment	334,559,780	49,391,526	(22,725,164)	607,962	361,834,104
	<u>13,800,922,712</u>	<u>131,552,756</u>	<u>(73,111,116)</u>	<u>205,221,060</u>	<u>14,064,585,412</u>
Less accumulated depreciation for:					
Intangible assets - software & licenses	(15,619,723)	(9,456,754)	151,740	-	(24,924,737)
Land improvements	(1,252,143)	(334,050)	145,740	-	(1,440,453)
Infrastructure	(5,171,949,608)	(290,637,379)	29,530,730	-	(5,433,056,257)
Park facilities	(44,093,920)	(5,050,687)	-	-	(49,144,607)
Flood control projects	(303,746,022)	(24,615,810)	-	-	(328,361,832)
Buildings	(511,762,215)	(37,328,753)	-	-	(549,090,968)
Equipment	(246,074,981)	(27,466,391)	21,493,928	-	(252,047,444)
	<u>(6,294,498,612)</u>	<u>(394,889,824)</u>	<u>51,322,138</u>	<u>-</u>	<u>(6,638,066,298)</u>
Total capital assets being depreciated, net	<u>7,506,424,100</u>	<u>(263,337,068)</u>	<u>(21,788,978)</u>	<u>205,221,060</u>	<u>7,426,519,114</u>
Governmental activities capital assets, net	<u>\$ 11,802,994,699</u>	<u>\$ (47,230,281)</u>	<u>\$ (43,592,484)</u>	<u>\$ -</u>	<u>\$ 11,712,171,934</u>

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	Balance March 1, 2013	Additions	Deletions	Transfers	Balance February 28, 2014
Business-type Activities:					
Land	\$ 296,740,101	\$ 24,798,592	\$ (274,219)	\$ (4,946,083)	\$ 316,318,391
Construction in progress	200,872,861	182,538,411	(6,653,607)	(25,616,695)	351,140,970
Total capital assets not depreciated	<u>497,612,962</u>	<u>207,337,003</u>	<u>(6,927,826)</u>	<u>(30,562,778)</u>	<u>667,459,361</u>
License Agreement	238,615,651	6,228,075	-	437,718	245,281,444
Land improvements	5,160,138	-	-	2,400,604	7,560,742
Infrastructure	2,223,551,795	13,973,567	-	27,071,284	2,264,596,646
Other tangible assets	22,058,242	286,404	-	-	22,344,646
Buildings	37,044,274	-	-	48,522	37,092,796
Equipment	81,167,735	3,791,347	(3,802,487)	604,650	81,761,245
	<u>2,607,597,835</u>	<u>24,279,393</u>	<u>(3,802,487)</u>	<u>30,562,778</u>	<u>2,658,637,519</u>
Less accumulated depreciation/amortization for:					
License Agreement	(9,530,110)	(6,788,367)	-	-	(16,318,477)
Land improvements	(1,160,959)	(339,414)	-	-	(1,500,373)
Infrastructure	(1,020,343,978)	(75,412,459)	-	-	(1,095,756,437)
Other tangible assets	(24,472,254)	(26,070)	-	-	(24,498,324)
Buildings	(10,473,011)	(817,940)	-	-	(11,290,951)
Equipment	(28,092,102)	(7,544,650)	3,284,616	-	(32,352,136)
	<u>(1,094,072,414)</u>	<u>(90,928,900)</u>	<u>3,284,616</u>	<u>-</u>	<u>(1,181,716,698)</u>
Total capital assets being depreciated, net	<u>1,513,525,421</u>	<u>(66,649,507)</u>	<u>(517,871)</u>	<u>30,562,778</u>	<u>1,476,920,821</u>
Business-type activities capital assets, net	<u>\$ 2,011,138,383</u>	<u>\$ 140,687,496</u>	<u>\$ (7,445,697)</u>	<u>\$ -</u>	<u>\$ 2,144,380,182</u>

Depreciation expense was charged to the programs of the primary government as follows:

Governmental activities:

Administration of Justice	\$ 20,321,536
Parks	21,771,757
County Administration	34,977,826
Health and Human Services	1,700,707
Flood Control	25,597,584
Tax Administration	148,766
Roads and Bridges	290,371,648
	<u>\$394,889,824</u>

Business-type activities:

Parking Facilities	\$ 470,006
Sheriff's Commissary	309,372
Toll Road	90,149,522
	<u>\$ 90,928,900</u>

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COMPONENT UNITS

<u>MHMRA (August 31, 2013)</u>	Fiscal Year Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Fiscal Year Ending Balance
Land	\$ 3,421,489	\$ -	\$ -	\$ 3,421,489
Buildings & Improvements	25,343,822	-	-	25,343,822
Equipment, Furniture & Vehicles	9,025,945	734,356	(1,972,309)	7,787,992
Intangible Assets - Software	5,102,008	826,577	-	5,928,585
	<u>42,893,264</u>	<u>1,560,933</u>	<u>(1,972,309)</u>	<u>42,481,888</u>
Less accumulated depreciation for:				
Buildings & Improvements	(13,977,920)	(867,692)	-	(14,845,612)
Equipment, Furniture & Vehicles	(7,561,723)	(423,848)	1,880,391	(6,105,180)
	<u>(21,539,643)</u>	<u>(1,291,540)</u>	<u>1,880,391</u>	<u>(20,950,792)</u>
MHMRA capital assets, net	<u>\$ 21,353,621</u>	<u>\$ 269,393</u>	<u>\$ (91,918)</u>	<u>\$ 21,531,096</u>

MHMRA records all governmental capital assets at cost, except for donated fixed assets, which are recorded at their fair market value on the date donated. Depreciation is reported at the government-wide level using the straight-line method over the estimated useful lives of the assets. The schedule included here does not include the capital assets of MHMRA's discrete component units (a net value of \$6,123,573).

<u>Hospital District (February 28, 2014)</u>	Fiscal Year Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Fiscal Year Ending Balance
Land & Improvements	\$ 39,100,000	\$ 1,968,000	\$ (9,000)	\$ 41,059,000
Construction in progress	64,930,000	(33,278,000)	-	31,652,000
Total capital assets not depreciated	<u>104,030,000</u>	<u>(31,310,000)</u>	<u>(9,000)</u>	<u>72,711,000</u>
Buildings and Improvements	477,767,000	88,639,000	(217,000)	566,189,000
Equipment	311,390,000	37,614,000	(14,200,000)	334,804,000
	<u>789,157,000</u>	<u>126,253,000</u>	<u>(14,417,000)</u>	<u>900,993,000</u>
Less accumulated depreciation	(467,803,000)	(52,084,000)	12,887,000	(507,000,000)
	<u>(467,803,000)</u>	<u>(52,084,000)</u>	<u>12,887,000</u>	<u>(507,000,000)</u>
Total capital assets being depreciated, net	<u>321,354,000</u>	<u>74,169,000</u>	<u>(1,530,000)</u>	<u>393,993,000</u>
Hospital District capital assets, net	<u>\$ 425,384,000</u>	<u>\$ 42,859,000</u>	<u>\$ (1,539,000)</u>	<u>\$ 466,704,000</u>

The Hospital District records land, buildings, improvements, and equipment at cost or fair market value at the time of donation and includes expenditures for new facilities and equipment and those which substantially increase the useful life of existing assets. Depreciation of facilities and equipment is provided using the straight-line method over the estimated useful lives of the assets.

7. CAPITAL LEASES PAYABLE AND INSTALLMENT PURCHASES

The County has entered into several capital lease agreements for the purchase of buildings and one for County equipment; the amounts capitalized are \$32,314,676, and \$310,001, respectively. Payments for the buildings and equipment during the fiscal year ended February 28, 2014 totaled \$2,994,071 and \$62,001 respectively. Payments, including interest at an average rate of 6.3% per annum for buildings are due as follows as of February 28, 2014:

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<u>Fiscal year</u>	<u>Governmental Activities Buildings</u>
2015	\$ 2,532,377
2016	2,386,579
2017	2,386,579
2018	2,386,579
2019	2,386,579
2020-2023	<u>4,016,676</u>
Total future lease payments	16,095,369
Less: Interest	<u>(3,081,195)</u>
	<u>\$ 13,014,174</u>

8. OTHER LIABILITIES

The balances Due to Other Governmental Units, by Fund, as of February 28, 2014 are as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	
Fort Bend Toll Authority	Toll Road	\$ 1,596,071
Total Due to Other Governmental Units		<u>\$ 1,596,071</u>

9. SHORT-TERM DEBT

Tax Anticipation Notes

The County issues tax anticipation notes to bridge the cash flow deficit created by a mismatch between an evenly distributed expenditure budget and unevenly distributed revenue collection. Bondholder security is provided by a lien on General Fund property taxes exclusive of those levied for debt service. Property tax receipts are largely received in January and February, while the County's General Fund expenditures are dominated by payroll and benefit costs which are expensed in roughly equal installments throughout the year.

Activity for the year ended February 28, 2014, was as follows:

	<u>Outstanding March 1, 2013</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding February 28, 2014</u>
Governmental Activities				
Tax Anticipation Notes	\$ -	\$ 295,000,000	\$ (295,000,000)	\$ -

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10. LONG-TERM LIABILITIES

The changes in the County's Governmental Long-Term Liabilities and Business-Type Liabilities for fiscal year 2013-2014 were as follows:

	<u>Outstanding March 1, 2013</u>	<u>Issued/ Increased</u>	<u>Redeemed/ Decreased</u>	<u>Outstanding February 28, 2014</u>	<u>Due Within Year</u>
<u>Governmental Activities:</u>					
<u>General Obligation Debt</u>					
Road Bonds - Principal	\$ 711,615,000	\$ -	\$ (11,207,902)	\$ 700,407,098	\$ 18,633,385
Permanent Improvement Bonds - Principal	872,892,191	-	(44,675,584)	828,216,607	56,767,460
Flood Control Bonds - Principal	668,635,000	-	(11,805,000)	656,830,000	13,025,000
Total Principal General Obligation Debt	2,253,142,191	-	(67,688,486)	2,185,453,705	88,425,845
Unamortized Premiums, Road Bonds	65,460,753	-	(7,483,600)	57,977,153	-
Unamortized Premiums, PIB Bonds	72,201,315	-	(9,166,941)	63,034,374	-
Unamortized Premiums, FC Bonds	38,766,961	-	(2,888,899)	35,878,062	-
Accretion of Discount - Capital Appreciation Bonds:					
Road Series 1996	46,550,801	4,147,476	(10,960,853)	39,737,424	10,797,374
PIB Series 1996	25,544,714	2,275,938	(6,014,417)	21,806,235	5,924,713
GO Revenue Series 2002	43,943,073	5,561,168	-	49,504,241	6,014,324
Total General Obligation Debt	2,545,609,808	11,984,582	(104,203,196)	2,453,391,194	111,162,256
<u>Tax and Subordinate Lien Revenue Bonds</u>					
Tax and Subordinate Lien Revenue					
Refunding, Series 2009C	28,315,000	-	-	28,315,000	2,285,000
Tax and Subordinate Lien Revenue					
Refunding, Series 2012A	160,430,000	-	-	160,430,000	-
Unamortized Premium, Tax & Sub Lien Rev	34,756,833	-	(2,552,514)	32,204,319	-
Total Tax and Subordinate Lien Revenue Bonds	223,501,833	-	(2,552,514)	220,949,319	2,285,000
Total Bonds Payable	2,769,111,641	11,984,582	(106,755,710)	2,674,340,513	113,447,256
Commercial Paper Payable	258,593,000	70,225,000	-	328,818,000	-
Compensatory Time Payable	34,255,860	16,596,041	(18,155,606)	32,696,295	19,944,740
Obligations Under Capital Leases	15,101,258	-	(2,087,084)	13,014,174	1,604,000
Judgments Payable	8,400,000	1,100,000	(5,900,000)	3,600,000	-
Loan Payable	23,955,556	15,888,156	(5,762,218)	34,081,494	395,659
OPEB Obligation	342,559,743	66,081,355	-	408,641,098	-
Pollution Remediation Obligation	2,375,569	2,539,469	(895,137)	4,019,901	541,073
Total Governmental Activities	<u>\$ 3,454,352,627</u>	<u>\$ 184,414,603</u>	<u>\$ (139,555,755)</u>	<u>\$ 3,499,211,475</u>	<u>\$ 135,932,728</u>

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2014

	Outstanding March 1, 2013	Issued/ Increased	Redeemed/ Decreased	Outstanding February 28, 2014	Due Within Year
<u>Business-type Activities:</u>					
Senior Lien Revenue Bonds	\$ 1,988,000,000	\$ -	\$ (58,090,000)	\$ 1,929,910,000	\$ 53,795,000
Tax Bonds	479,630,000	-	(47,090,000)	432,540,000	62,770,000
Total Bond Principal	2,467,630,000	-	(105,180,000)	2,362,450,000	116,565,000
Unamortized Premium, Revenue Bonds	66,700,778	-	(5,940,768)	60,760,010	-
Unamortized Premium/(Discount), Tax Bonds	18,120,688	-	(2,333,323)	15,787,365	-
Accretion of Discount - Capital Appreciation Bonds:					
Unlimited Tax Series 1997	3,506,911	343,089	(3,850,000)	-	-
Accrued Interest Payable	4,335,599	100,156,067	(100,409,202)	4,082,464	4,082,464
Total Bonds Payable	2,560,293,976	100,499,156	(217,713,293)	2,443,079,839	120,647,464
Derivative instruments - interest rate swaps	79,253,133	-	(22,714,045)	56,539,088	-
Compensatory Time Payable	1,052,557	531,186	(557,855)	1,025,888	625,792
Obligations Under Capital Leases	62,001	-	(62,001)	-	-
OPEB Obligation	18,935,809	3,455,731	-	22,391,540	-
Pollution Remediation Obligation	58,000	776,481	-	834,481	-
Total Business-type Activities	<u>\$ 2,659,655,476</u>	<u>\$ 105,262,554</u>	<u>\$ (241,047,194)</u>	<u>\$ 2,523,870,836</u>	<u>\$ 121,273,256</u>

BONDED DEBT

Bonded debt of the County consists of various issues of General Obligation Bonds, Certificates of Obligation and Revenue Bonds. General Obligation Bonds and Certificates of Obligation are direct obligations of the County with the County's full faith and credit pledged towards the payment of this obligation. General Obligation Bonds are issued upon approval by the public at an election. Certificates of Obligation are issued by the vote of Commissioners Court as allowed under the Certificates of Obligation Act. Debt service is primarily paid from ad valorem taxes. Revenue Bonds are generally payable from the pledged revenue generated by the respective activity for which the bonds are issued.

Outstanding governmental bonded debt as of February 28, 2014 follows:

	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 28, 2014
			Issued	Matures	
<u>Road Bonds</u>					
Refunding Series 1996 - CAB	\$ 124,905,000	5.90-6.00%	1996	2017	\$ 22,467,098
Refunding Series 2004A	56,055,000	3.00-5.00%	2004	2017	5,250,000
Refunding Series 2005A	34,420,000	5.00%	2005	2022	7,575,000
Refunding Series 2006B	266,960,000	4.50-5.00%	2006	2031	230,265,000
Refunding Series 2008A	34,605,000	4.00-5.25%	2008	2020	33,860,000
Refunding Series 2009A	98,880,000	2.00-5.25%	2009	2023	83,515,000
Refunding Series 2010A	84,340,000	4.00-5.00%	2010	2024	84,340,000
Refunding Series 2011A	122,565,000	1.50-5.25%	2011	2031	113,895,000
Refunding Series 2012A	66,425,000	5.00%	2012	2024	66,425,000
Refunding Series 2012B	52,815,000	2.25-4.00%	2012	2024	52,815,000
	<u>941,970,000</u>				<u>700,407,098</u>

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2014

	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 28, 2014
			Issued	Matures	
<u>Permanent Improvement Bonds</u>					
Refunding Series 1996 - CAB	26,254,584	5.90-6.00%	1996	2017	12,329,000
Refunding Series 1997	57,930,000	4.70-5.75%	1997	2014	6,600,000
Refunding Series 2004A	118,535,000	3.00-5.25%	2004	2024	1,535,000
Refunding Series 2005A	69,845,000	5.00%	2005	2022	52,225,000
Refunding Series 2006A	73,545,000	4.00-5.00%	2006	2031	39,450,000
Refunding Series 2008A	34,055,000	3.25-5.00%	2008	2015	6,660,000
Refunding Series 2008B	79,325,000	3.50-5.00%	2008	2019	39,020,000
Refunding Series 2008C	200,495,000	5.00-5.75%	2008	2028	16,080,000
Refunding Series 2009A	23,485,000	4.00-5.00%	2009	2023	23,485,000
Refunding Series 2009B	97,855,000	4.00-5.50%	2009	2027	90,315,000
Refunding Series 2010A	185,390,000	1.50-5.00%	2010	2028	182,760,000
Refunding Series 2010B	93,365,000	4.00-5.00%	2010	2024	93,365,000
Refunding Series 2011A	92,780,000	4.00-5.00%	2011	2031	92,780,000
Refunding Series 2012A	77,145,000	2.00-5.00%	2012	2028	73,060,000
Refunding Series 2012B	43,200,000	0.35-2.473%	2012	2023	42,395,000
GO Revenue Refunding 2002	206,772,045	5.00-5.86%	2002	2028	56,157,607
	<u>1,479,976,629</u>				<u>828,216,607</u>
<u>Flood Control Bonds</u>					
Refunding Series 2002	44,495,000	3.00-5.50%	2002	2014	1,045,000
Refunding Series 2003A	36,945,000	3.00-6.00%	2003	2015	2,290,000
Refunding Series 2004A	139,865,000	3.00-5.25%	2004	2014	6,485,000
Refunding Series 2006A	94,185,000	5.00%	2006	2031	94,185,000
Improvement Series 2007	89,600,000	4.75-5.00%	2007	2031	89,600,000
Refunding Series 2008A	137,095,000	4.00-5.25%	2008	2021	134,190,000
Refunding Series 2008C	158,100,000	3.00-5.125%	2008	2024	147,150,000
Refunding Series 2010A	181,885,000	5.00%	2010	2039	181,885,000
	<u>882,170,000</u>				<u>656,830,000</u>
<u>Tax & Subordinate Lien Revenue Bonds</u>					
Refunding Series 2009C	28,315,000	4.00-5.25%	2009	2023	28,315,000
Refunding Series 2012A	160,430,000	3.00-5.00%	2012	2032	160,430,000
	<u>188,745,000</u>				<u>188,745,000</u>
TOTAL	<u>\$ 3,492,861,629</u>				<u>\$ 2,374,198,705</u>

The Toll Road Project has been financed with a combination of unlimited tax and senior lien revenue bonds, subordinate lien revenue bonds and commercial paper. The proceeds from such bonds, including the interest earned, are being used to finance the construction and the related debt service.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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Outstanding business-type bonded debt at February 28, 2014 follows:

	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 28, 2014
			Issued	Matures	
<u>Senior Lien Revenue Bonds</u>					
Refunding Series 2004B	\$ 478,270,000	2.50-5.00%	2004	2015	\$ 30,830,000
Revenue Series 2006A	135,530,000	4.50-5.00%	2006	2036	135,530,000
Refunding Series 2007A	275,340,000	4.00-5.00%	2007	2033	256,860,000
Refunding Series 2007B	145,570,000	Floating	2007	2036	145,570,000
Refunding Series 2008B	324,475,000	4.625-5.25%	2008	2047	317,705,000
Series 2009A	215,455,000	4.00-5.00%	2009	2038	215,455,000
Series 2009C	250,000,000	5.00%	2009	2049	250,000,000
Refunding Series 2010C	18,995,000	0.88-2.79%	2010	2016	17,640,000
Refunding Series 2010D	35,420,000	3.00-5.00%	2010	2030	35,230,000
Refunding Series 2012A	60,415,000	Floating	2012	2018	60,415,000
Refunding Series 2012B	139,500,000	Floating	2012	2021	139,500,000
Refunding Series 2012C	252,845,000	2.00-5.00%	2012	2033	229,695,000
Refunding Series 2012D	98,010,000	0.40-1.68%	2012	2018	95,480,000
	<u>2,429,825,000</u>				<u>1,929,910,000</u>
<u>Unlimited Tax and Subordinate Lien Bonds</u>					
Refunding Series 1997	150,395,000	5.00-5.125%	1997	2024	26,005,000
Refunding Series 2001	120,740,000	6.00%	2001	2014	23,045,000
Refunding Series 2007C	321,745,000	5.00-5.25%	2007	2033	321,745,000
Refunding Series 2008A	76,240,000	3.25-5.00%	2008	2016	38,275,000
Refunding Series 2010B	25,410,000	0.77-2.09%	2010	2015	23,470,000
	<u>694,530,000</u>				<u>432,540,000</u>
TOTAL	<u><u>\$ 3,124,355,000</u></u>				<u><u>\$ 2,362,450,000</u></u>

Annual debt service requirements to maturity as of February 28, 2014 are as follows:

Fiscal year	<u>Governmental Activities</u>				
	Principal	Capital	Principal	Interest	Total
	At 2/28/2014	Appreciation Bonds	Value At Maturity		
2015	\$ 90,710,845	\$ 22,736,411	\$ 113,447,256	\$ 116,408,400	\$ 229,855,656
2016	94,969,530	21,621,673	116,591,203	113,605,940	230,197,143
2017	102,485,455	20,488,198	122,973,653	110,648,185	233,621,838
2018	104,508,514	19,391,251	123,899,765	107,097,746	230,997,511
2019	135,921,339	5,087,565	141,008,904	103,409,559	244,418,463
2020-2024	792,126,704	9,451,026	801,577,730	391,540,272	1,193,118,002
2025-2029	647,971,318	12,271,776	660,243,094	226,793,251	887,036,345
2030-2034	319,110,000	-	319,110,000	56,164,687	375,274,687
2035-2039	70,185,000	-	70,185,000	14,922,750	85,107,750
2040-2043	16,210,000	-	16,210,000	810,500	17,020,500
	<u>\$ 2,374,198,705</u>	<u>\$ 111,047,900</u>	<u>\$ 2,485,246,605</u>	<u>\$ 1,241,401,290</u>	<u>\$ 3,726,647,895</u>

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2014

<u>Fiscal year</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 116,565,000	\$ 107,622,794	\$ 224,187,794
2016	97,710,000	103,533,918	201,243,918
2017	93,585,000	100,581,288	194,166,288
2018	97,210,000	97,053,429	194,263,429
2019	99,180,000	92,972,289	192,152,289
2020-2024	478,125,000	393,450,856	871,575,856
2025-2029	392,270,000	288,691,790	680,961,790
2030-2034	484,460,000	183,712,430	668,172,430
2035-2039	321,805,000	75,250,361	397,055,361
2040-2044	91,550,000	34,980,618	126,530,618
2045-2049	86,790,000	10,465,387	97,255,387
2050	3,200,000	80,000	3,280,000
	<u>\$ 2,362,450,000</u>	<u>\$ 1,488,395,160</u>	<u>\$ 3,850,845,160</u>

SIGNIFICANT DEBT COVENANTS

The Senior Lien Revenue Bonds are payable from the revenues of the Toll Road. The Tax Bonds are secured by and payable from a pledge of the County's unlimited ad valorem tax and also are secured by a pledge of and lien on the revenues of the Toll Road, subordinate to the lien of the Senior Lien Revenue Bonds. The County has covenanted to assess a maintenance tax to pay project expenses if revenues, after paying debt service, are insufficient. The County also has covenanted to collect tolls to produce revenues at the beginning of the third fiscal year following completion of the Toll Road equal to at least 1.25 times the debt service requirements on the Senior Lien Revenue Bonds. The revenue coverage requirement became effective with the completion of the project during fiscal year 1994. The Toll Road Project's revenue coverage ratio for fiscal year 2014 was 4.54.

B. COMMERCIAL PAPER

In addition to the outstanding bonded debt of the County, the Commissioners Court has established a general obligation commercial paper program secured by ad valorem taxes for the purpose of financing various short-term assets and temporary construction financing for certain long-term capital assets. The commercial paper program consists of six series totaling \$1.0 billion payable from ad valorem taxes levied and Toll Road revenues. As of February 28, 2014, the County has outstanding, \$328.8 million of commercial paper. Commissioners Court, by policy, limits the period allowed for a commercial paper project not to exceed three years. During the length of time the paper is outstanding, the paper may have a maturity term of 1 – 270 days.

The County enters into agreements with credit facilities to provide a line of credit that will act as assurance to the purchaser of the commercial paper that funds will be available to redeem the paper upon demand and that the County can rollover the commercial paper. For Commercial Paper Series A-1, the County has a credit agreement with State Street Bank and Trust Company, which expires August 19, 2016. For this line of credit, the County is assessed a fee of .29% per annum on the daily amount of the commitment. If converted to a term loan, the principal amount for Series A-1 is to be paid in twelve substantially equal installments due quarterly on the last business day of the month in which such payment is due, commencing with the first such installment due on the term loan commencement date. For Commercial Paper Series B, the County has a credit agreement with State Street Bank and Trust Company, which expires August 12, 2016. For this line of credit, the County

HARRIS COUNTY, TEXAS
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is assessed a fee of .29% per annum on the daily amount of commitment. If converted to a term loan, the principal amount for Series B is to be paid in twelve substantially equal installments due quarterly on the last business day of the month in which such payment is due, commencing with the first such installment due on the term loan commencement date. For Commercial Paper Series C, the County has a credit agreement with the Bank of Tokyo, which expires September 25, 2015. For this line of credit, the County is assessed a fee of .47% per annum on the daily amount of commitment. If converted to a term loan, the principal amount for Series C is to be paid in twelve substantially equal installments due quarterly on the last business day of the month in which such payment is due, commencing with the first such installment due on the term loan commencement date. For Commercial Paper Series D, the County has a credit agreement with JPMorgan Chase Bank, National Association, which expires August 19, 2016. For this line of credit the County is assessed a fee of .33% per annum on the daily amount of commitment. If converted to a term loan, the principal amount outstanding for Series D is to be paid in twelve substantially equal installments due quarterly on the last business day of the month in which such payment is due, commencing with the first such installment due on the term loan commencement date. Interest is payable quarterly in arrears, at a rate per annum equal to the bank rate, provided that the principal amount of any term loan not paid when due shall bear interest at a rate per annum equal to the lesser of (A) the default rate (fluctuating rate of per annum interest equal to the greater of (i) the base rate plus 2.00% or (ii) the federal funds rate plus 2.00%) and (B) the highest lawful rate.

COMMERCIAL PAPER – FLOOD CONTROL

On August 21, 2001, Commissioners Court authorized a \$200,000,000 commercial paper program designated as the Harris County Flood Control District Contract Tax Commercial Paper Notes, Series F (“Series F Notes”) to fund projects identified in an agreement between the County and the Flood Control District (“Flood Contract”) and refinance, refund, and renew the notes themselves and fund issuance costs. However, that authorization is currently limited to \$60,000,000, the amount of the Series F liquidity facility. As of February 28, 2014, there is no outstanding Series F commercial paper, nor was there any Series F commercial paper activity during the year then ended.

COMMERCIAL PAPER – TOLL ROAD

In addition to the outstanding long-term debt of the Toll Road Authority (“Toll Road”), the Commissioners Court has established a commercial paper program secured by and payable from Toll Road revenues. The commercial paper program consists of Harris County Toll Road Senior Lien Revenue Notes, Series E (“Notes”) in an aggregate principal amount not to exceed \$200 million outstanding at any one time. As of February 28, 2014, the Toll Road has no outstanding commercial paper, nor was there any Series E commercial paper activity during the year then ended.

The purpose of the Series E Notes is to provide funding for costs of acquiring, constructing, operating and maintaining, and improving Toll Road Project components, as well as to fund reserves, pay interest during construction, refinance, refund, and renew the notes themselves, and fund issuance costs.

CHANGES IN COMMERCIAL PAPER

The following is a schedule of changes in commercial paper for the year ended February 28, 2014:

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	Balance Outstanding March 1, 2013	Issued	Retired/ Refunded	Balance Outstanding February 28, 2014	Amount Due Within One Year
<u>Governmental Activities</u>					
Commercial Paper A-1, B, C	\$ 192,568,000	\$ 50,800,000	\$ -	\$ 243,368,000	\$ -
Commercial Paper D	66,025,000	19,425,000	-	85,450,000	-
	<u>\$ 258,593,000</u>	<u>\$ 70,225,000</u>	<u>\$ -</u>	<u>\$ 328,818,000</u>	<u>\$ -</u>

DEBT SERVICE TO MATURITY - COMMERCIAL PAPER

Expected debt service requirements for the various Commercial Paper issuances are shown below. These requirements assume that as of February 28, 2014, the County had drawn down the outstanding principal balance on the lines of credit and letter of credit and subsequently executed term loans with the banks for a principal balance of \$328,818,000 at the average rate for the quarter ending February 28, 2014 by series and reflect the effects of any refundings.

<u>Fiscal year</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ -	\$ -
2016	-	5,087,264	5,087,264
2017	77,577,250	29,883,418	107,460,668
2018	109,606,000	30,262,809	139,868,809
2019	109,606,000	13,593,563	123,199,563
2020	32,028,750	2,435,520	34,464,270
	<u>\$ 328,818,000</u>	<u>\$ 81,262,574</u>	<u>\$ 410,080,574</u>

C. COMPONENT UNITS' LONG-TERM LIABILITIES

The County has no obligation to assume any liability for the bonds issued by any of the discretely presented component units.

The total long-term liabilities of the MHMRA were \$12,637,398 of which \$5,605,407 represents long-term liabilities of the primary government (comprised of \$2,169,977 notes payable and \$3,435,430 compensated absences), as of August 31, 2013 which comprises 3% of the total long-term liabilities of the County's discretely presented component units.

The total long-term liabilities of the Harris County Hospital District were \$478,615,000 as of February 28, 2014 which comprises 97% of the total long-term liabilities of the County's discretely presented component units. A portion of this liability is bonds secured by a lien on the pledged revenues of the Harris County Hospital District and certain funds pursuant to the bond order.

The Harris County Hospital District also has defeased bonds, in the amount of \$127,950,000 whereby the proceeds are held as irrevocable deposits of funds sufficient with trustees to pay the principal and interest of such bonds through their maturity. Accordingly, these trustee funds and the related defeased indebtedness are excluded from the Harris County Hospital District's balance sheet as of February 28, 2014.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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D. COMPONENT UNITS' CONDUIT DEBT OBLIGATIONS

Harris County Industrial Development Corporation, Harris County Housing Finance Corporation, Harris County Health Facilities Development Corporation and Harris County Cultural Education Facilities Finance Corporation have issued bonds to provide financial assistance to private and public sector entities engaged in activities that are deemed to be in the public interest. These bonds are limited obligations of the issuing entities payable solely from the proceeds of the underlying financing agreements, and in the opinion of legal counsel, do not represent indebtedness or liability to the issuing entity, Harris County, the State of Texas, or any political subdivision; therefore, the bonds are not reported as liabilities in the accompanying financial statements. The Harris County Health Facilities Development Corporation and Harris County Cultural Education Facilities Finance Corporation have no other financial activity that would materially affect the County's financial statements, and are not required to issue separate audited financial statements, and as a result are not included in the Reporting Entity disclosure within the accompanying notes to the financial statements. A summary of the debt issued by each entity follows.

Harris County Industrial Development Corporation

The Corporation has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Corporation, nor the County, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

As of August 31, 2013, there were twelve (12) series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable at July 23, 2013 for the bonds issued after September 1, 1996, was approximately \$751,623,974.

Harris County Housing Finance Corporation

As of December 31, 2013, there were thirty-one (31) series of bonds outstanding with an aggregate principal payable of \$247,418,707. These bonds have been issued by the Housing Finance Corporation to provide financing for the purpose of purchasing single family home mortgages and multifamily home projects for low and moderate income owners/residents, and will be repaid from sources defined in the various underlying financing agreements between the Housing Finance Corporation and the entities for whose benefit the bonds were issued.

Harris County Health Facilities Development Corporation

The corporation issues bonds if there is a public benefit or public purpose that is necessary or convenient for health care, research or education. As of February 28, 2014, there were seventeen (17) series of bonds outstanding with an aggregate principal payable of \$1,384,705,000. The bonds will be repaid from sources defined in the various underlying financing agreements between the Health Facilities Development Corporation and the entities for whose benefit the bonds were issued.

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Harris County Cultural Education Facilities Finance Corporation

As of February 28, 2014, there were thirty-six (36) series of Bonds outstanding with an aggregate principal payable of \$2,708,228,561. The bonds were issued for the purpose of defraying expansion costs, for Space Center Houston projects, Houston Livestock Show and Rodeo projects, Baylor College of Medicine, Memorial Hermann Healthcare System, Methodist Hospital System, Texas Medical Center projects and the Young Men’s Christian Association (YMCA) of the Greater Houston Area and others. The bonds will be repaid from payments required to be made under loan agreements between the issuing entity and the aforementioned parties.

E. UNISSUED AUTHORIZED BONDS

Capital projects are funded primarily by the issuance of bonded debt. The County has received voter approval for the issuance of bonds to maintain an ongoing capital improvement program.

The following is the summary of authorized, issued and unissued bonds and commercial paper:

<u>Description</u>	Year of Voter Authorization	Amount Authorized	Issued as of 2/28/2014	Authorized but Unissued as of 2/28/2014
(amounts in millions)				
<u>Ad Valorem Tax Bonds</u>				
Toll Road	1983	\$ 900.0	\$ 884.9	\$ 15.1
Civil Justice Center	1999	119.0	86.0	33.0
Roads	2001	475.0	475.0	-
Parks	2007	95.0	44.5	50.5
Forensic Lab	2007	80.0	-	80.0
Family Law Center	2007	70.0	-	70.0
Roads	2007	190.0	99.9	90.1
Joint Processing Center	2013	70.0	-	70.0
Total Ad Valorem Tax Bonds		\$ 1,999.0	\$ 1,590.3	\$ 408.7

F. REFUNDING/ISSUANCE OF DEBT

On April 5, 2013, Citibank released \$3 million of the \$27.3 million of the \$45 million Federal National Mortgage (“FNMA”) note pledged as collateral on August 29, 2012.

On April 8, 2013, JP Morgan Chase N.A released \$2.02 million of the \$17.7 million of the \$45 million FNMA note pledged as collateral on August 29, 2012.

On April 18, 2013 the County recalled the \$19.3 million FNMA note with a \$45 million par pledged on August 29, 2012 pledged to Citibank and replaced it with \$19.3 million of a Federal Home Loan Mortgage Corporation (“FHLMC”) note with a \$40 million par.

On April 18, 2013 the County recalled the \$10.63 million FNMA note with a \$45 million par pledged on August 29, 2012 pledged to JP Morgan Chase N.A. and replaced it with \$10.63 million of a Federal Home Loan Bank (“FHLB”) note with a \$40 million par.

On May 16, 2013 the County recalled the \$10 million FNMA note pledged on August 29, 2012 pledged to Citibank and replaced it with \$10 million of a FNMA note with a \$20 million par.

HARRIS COUNTY, TEXAS
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On June 5, 2013, the County recalled \$4 million of the collateral note pledged on April 18, 2013 to JP Morgan Chase N.A.

On June 5, 2013, the County recalled \$9 million of the collateral note pledged on April 18, 2013 to Citibank.

On July 2, 2013, the County recalled \$2.5 million of the collateral note pledged on April 18, 2013 and \$2.5 million of the collateral note pledged on May 16, 2013 to Citibank.

On July 2, 2013, the County recalled \$3.095 million of the collateral note pledged on April 18, 2013 to JP Morgan Chase N.A.

On August 7, 2013, the County issued \$295,000,000 in Tax Anticipation Notes, Series 2013. The tax anticipation notes were issued to fund the County's cumulative cash flow deficit for the fiscal year beginning March 1, 2013 and ending February 28, 2014, and will be repaid from fiscal year 2014 tax revenues. The tax anticipation notes mature February 28, 2014 and will pay interest at a range of 1.0% to 2.0%.

On September 4, 2013, Citibank released \$2.0 million of the collateral note pledged on April 18, 2013.

On September 4, 2013, Citibank released \$2.0 million of the collateral note pledged on May 16, 2013.

On September 4, 2013, JP Morgan Chase N.A released \$2.08 million of the collateral note pledged on April 18, 2013.

On September 25, 2013, the County pledged \$0.5 million FHLB note to JP Morgan Chase N.A to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On October 1, 2013, the County pledged \$1 million FNMA note to Citibank to cover the collateral threshold shortfall on the \$199,915,000 interest rate swap for the Series 2012A&B bonds.

On October 18, 2013, the County pledged \$0.5 million FHLB note to JP Morgan Chase N.A to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On October 23, 2013 the County pledged \$0.5 million FHLB note to JP Morgan Chase N.A to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On November 1, 2013, the County pledged \$1.0 million FNMA note to Citibank to cover the collateral threshold shortfall on the \$199,915,000 interest rate swap for the Series 2012A&B bonds.

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On November 1, 2013, the County pledged \$0.5 million FHLMC note to Citibank to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

G. DEFEASANCE OF DEBT

In fiscal year 2014 and in prior years, the County has defeased certain property tax bonds, revenue bonds, certificates of obligation and Toll Road revenue bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service on the refunded bonds. The trust account assets and the liability for the defeased bonds are not included in the County's basic financial statements.

As of February 28, 2014, the outstanding principal balance of these defeased bonds was as follows:

Property Tax Bonds:	Road	\$ 402,540,000
	Permanent Improvement	692,155,000
Flood Control:	Flood Control	426,075,000
Certificates of Obligation:	General Obligation	50,665,000
Tax & Subordinate Lien Bonds:	Tax & Subordinate Lien	176,800,000
Toll Road Bonds:	Senior Lien Revenue Bonds	1,527,304,000
	Tax Bonds	675,175,000
Total Defeased Bonds		<u><u>\$ 3,950,714,000</u></u>

H. ARBITRAGE REBATE LIABILITY

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due and remit the amount due at least every five years. As of February 28, 2014, there were no estimated liabilities for arbitrage rebate on governmental debt or enterprise debt. The Debt Service Funds have typically been used to liquidate arbitrage liabilities in previous years.

I. INTEREST RATE SWAPS

TOLL ROAD: The County entered interest rate swaps with Citibank, N.A., New York, relating to the Toll Road Authority, Series 2012A and Series 2012B, and the Senior Lien Revenue Refunding Bonds, Series 2007B. The County entered an interest rate swap with JPMorgan Chase Bank, National Association, relating to the Senior Lien Revenue Refunding Bonds, Series 2007B. The purpose of the swaps was to create a fixed cost of funds on certain maturities of the related bonds that are lower than the fixed cost achievable in the cash bond market.

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Terms:

	Citibank–Toll Road Authority, Series 2012A&B	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Trade Date:	November 28, 2006	May 22, 2007	May 22, 2007
Effective Date:	August 15, 2009	June 14, 2007	June 14, 2007
Termination Date:	August 15, 2019	February 15, 2035	February 15, 2035
Initial Notional Amount: (a)	\$199,915,000	\$72,785,000	\$72,785,000
Authority Pays Fixed:	3.626%	4.398%	4.398%
Counterparty Pays Floating:	70% of 1 Month LIBOR	67% of 3 Month LIBOR + .67%	67% of 3 Month LIBOR + .67%
Payment Dates:	The 15 th day of each month	The 15 th day of February, May, August and November	The 15 th day of February, May, August and November
Collateral Threshold: (b)	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)
Fair Value as of 2/28/14:	(\$24,020,188)	(\$16,259,450)	(\$16,259,450)
Collateral Pledged:	\$11,800,000 (c)	\$ 2,000,000 (c)	\$ 2,955,000 (d)
<p>(a) The notional amount for the swaps amortizes to match the outstanding bond.</p> <p>(b) Collateral threshold represents the maximum exposure that the counterparty is required to accept without a pledge of collateral. The difference between the fair value and the collateral threshold must be covered by County collateral. The maximum collateral threshold ceiling is \$45,000,000.</p> <p>(c) The County pledged a \$3.5 million FNMA note with a \$20,000,000 par, at 1.125% and a \$10.3 million FHLMC note with a \$20,000,000 par, at 1.00% to Citibank as collateral under the terms of the swap agreements related to the Toll Road Senior Revenue Refunding Bonds, Series 2012A&B and a portion of the Series 2007B.</p> <p>(d) The County pledged a \$2.955 million FHLB note with a \$40,000,000 par at 1.06% to JP Morgan as collateral under the terms of the swap agreements related to the Toll Road Senior Lien Revenue Refunding Bonds, Series 2007B.</p>			

Fair Value: Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

Summary of GASB 53 Effectiveness Testing:

	Citibank–Toll Road Authority, Series 2012A&B	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Derivative Instrument	Interest Rate Swap	Interest Rate Swap	Interest Rate Swap
Hedge Type	Cash Flow Hedge	Cash Flow Hedge	Cash Flow Hedge
Method of Effectiveness Testing	Dollar Offset	Consistent Critical Terms	Consistent Critical Terms
Result of Effectiveness Testing	Effective	Effective	Effective

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Risks:

	Citibank–Toll Road Authority, Series 2012A&B	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Credit Risk: Credit Ratings Moody’s, S&P, and Fitch	A2, A, and A	A2, A, and A	A3, A+, and A+
Interest Rate Risk – risk that changes of rates in the bond market will negatively affect the cash flow to the County in a SWAP transaction.	Citi Bank NA pays 70% of 1 month LIBOR, while the County pays a fixed rate of 3.626%.	Citi Bank NA pays 67% of 3 month LIBOR + 67bp, while the County pays a fixed rate of 4.398%.	JP Morgan Chase Bank NA pays 67% of 3 month LIBOR + 67bp, while the County pays a fixed rate of 4.398%.
Termination Risk – risk that the SWAP must be terminated prior to its stated final cash flow.	The exposure to the County is \$24,020,188, which is based on a fair market value calculation.	The exposure to the County is \$16,259,450, which is based on a fair market value calculation.	The exposure to the County is \$16,259,450, which is based on a fair market value calculation.

J. SUBSEQUENT DEBT RELATED ACTIVITY

On April 28, 2014, the County pledged \$500,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On May 5, 2014, the County pledged \$500,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On May 15, 2014, the County pledged \$500,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On June 4, 2014, the County issued \$36,590,000 of Flood Control District Improvement Refunding Bonds, Series 2014 to refund and defease a portion of the County’s outstanding Flood Control District Improvement Refunding Bonds, Series 2003A and Series 2007, and to pay the cost of such issuance. The annual interest rate is 2% to 5%. The issuance had a premium of \$7,520,834. The interest accrues semiannually and the bonds mature in 2026. The refunding resulted in a savings of \$7,520,321 due to a decrease in the cash flow requirements and had an economic gain of \$4,509,072.

On June 4, 2014, the County issued \$60,100,000 of Flood Control District Contract Tax Refunding Bonds, Series 2014A to refund and defease a portion of the County’s outstanding Flood Control District Contract Tax Refunding Bonds, Series 2006A and Series 2010A, and to pay the cost of such issuance. The annual interest rate is 1% to 5%. The issuance had a premium of \$11,954,037. The interest accrues semiannually and the bonds mature in 2029. The refunding resulted in a savings of \$11,498,375 due to a decrease in the cash flow requirements and had an economic gain of \$6,770,587.

On June 4, 2014, the County issued \$73,665,000 of Flood Control District Contract Tax Refunding Bonds, Taxable Series 2014B to refund and defease a portion of the County’s outstanding Flood Control District Contract Tax Refunding Bonds, Series 2008A and Series 2008C, and to pay the cost of such issuance. The annual interest rate is .25% to 3.211%. The interest accrues semiannually and the bonds mature in 2024. The refunding resulted in a savings of \$4,129,967 due to a decrease in the cash flow requirements and had an economic loss of \$80,087.

The above refundings increased long-term liabilities due within one year \$2.265M and decreased

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long-term liabilities due in more than one year by the same amount.

On July 18, 2014, the County pledged an additional \$500,000 FHLB note to JP Morgan Chase N.A. to cover a collateral threshold shortfall on the \$72,785,000 interest rate swap for the 2007B Series bonds.

On July 30, 2014, the County pledged an additional \$500,000 FHLB note to JP Morgan Chase N.A. to cover a collateral threshold shortfall on the \$72,785,000 interest rate swap for the 2007B Series bonds.

On August 15, 2014, the County pledged an additional \$500,000 FHLB note to JP Morgan Chase N.A. to cover a collateral threshold shortfall on the \$72,785,000 interest rate swap for the 2007B Series bonds.

11. COMPENSATED ABSENCES PAYABLE

Changes in long-term compensated absences for the year ended February 28, 2014 were as follows:

	Balance			Balance		Amount
	Outstanding		Taken/	Outstanding		Due Within
	March 1, 2013	Earned	Paid	February 28, 2014		One Year
Governmental Activities	\$ 34,255,860	\$ 16,596,041	\$ (18,155,606)	\$ 32,696,295	\$ 19,944,740	
Business-type Activities	1,052,557	531,186	(557,855)	1,025,888	625,792	
Total	<u>\$ 35,308,417</u>	<u>\$ 17,127,227</u>	<u>\$ (18,713,461)</u>	<u>\$ 33,722,183</u>	<u>\$ 20,570,532</u>	

12. RETIREMENT PLAN

Plan Description

Harris County provides retirement, and disability benefits for all of its employees (excluding temporary) through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 656 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Under the state law governing TCDRS enacted in 1991, effective January 1, 1992, the County selected a plan of benefits to provide in the future, while at the same time considering the level of the employer contribution rate required to adequately finance the plan. Effective January 1, 1995, the County adopted an annually determined contribution rate plan, for which the employer contribution rate is actuarially determined as a part of the annual actuarial valuation. The rate, applicable for a calendar year, consists of the normal cost contribution rate plus the rate required to amortize the unfunded actuarial liability over the remainder of the plan’s 20-year amortization period which began January 1, 1995 using the entry age actuarial cost method. Monthly contributions by the County are based on the covered payroll and the employer contribution rate

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in effect. The contribution rate for calendar year 2014 is 12.43%. The contribution rates for calendar years 2013 and 2012 were 11.59% and 10.67%, respectively.

The plan provisions are adopted by Commissioners Court of the County, within the options available in the state statutes governing TCDRS (“TCDRS Act”). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest and employer-financed monetary credits. The level of these monetary credits is adopted by Commissioners Court, within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The County has elected the annually determined contribution rate (“ADCR”) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using an actuarially determined rate of 11.59% for the months of the calendar year in 2013, and 12.43% for the months of the calendar year in 2014.

The contribution rate payable by the employee members for 2013 and 2014 is the rate of 6% as adopted by Commissioners Court. The employee contribution rate and the employer contribution rate may be changed by Commissioners Court, within the options available in the TCDRS Act.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Cost

For the County’s fiscal year ending February 28, 2014, the annual pension cost for the TCDRS plan and the actual contributions for its employees were \$94,478,802. (This excludes actuarial contributions of \$3,954,472 for Community Supervision, which is not considered a department or component unit of the County.) The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*, parameters based on the actuarial valuations as of December 31, 2011 and December 31, 2012, the basis for determining the contribution rates for calendar years 2013 and 2014. The December 31, 2013 is the most recent valuation.

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The assumptions at December 31, 2013 summarized below included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period.

Actuarial Valuation Method			
Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period in years	20	20	20
Asset Valuation Method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 5-yr smoothed value ESF: Fund value
Actuarial Assumption			
Investment return (1)	8.0 %	8.0 %	8.0 %
Projected Salary Increases (1)	5.4 %	5.4 %	4.9 %
Inflation	3.5 %	3.5 %	3.0 %
Cost of Living Adjustments	0.0 %	0.0 %	0.0 %
(1) Includes inflation at the stated rate.			

Harris County Trend Information			
Accounting Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2/28/14	\$ 94,478,802	100%	-
2/28/13	\$ 80,833,553	100%	-
2/29/12	\$ 75,064,075	100%	-

Schedule of Funding (including Community Supervision)	
Actuarial Valuation Date	12/31/13
Actuarial Value of Assets	\$3,066,967,671
Actuarial Accrued Liability (AAL)	\$3,569,569,202
Unfunded Actuarial Accrued Liability (UAAL)	\$ 502,601,531
Funded Ratio	85.92%
Annual Covered Payroll (Actuarial)	\$ 800,850,524
UAAL as Percentage of Covered Payroll	62.76%

13. OTHER POST EMPLOYMENT BENEFITS

THE PLAN:

Plan Description

Harris County administers an agent multiple-employer defined benefit post employment healthcare plan that covers retired employees of participating governmental entities. The plan provides medical, dental, vision, and basic life insurance benefits to plan members. Local Government Code Section

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157.101 assigns the authority to establish and amend benefit provisions to Commissioners Court.

Membership in the plan at March 1, 2013, the date of the latest actuarial valuation, consists of the following:

Retirees and beneficiaries receiving benefits	4,253
Active plan members	13,422
Number of participating employers	5

Summary of Significant Accounting Policies

Basis of Accounting. The Plan's transactions are recorded using the accrual basis of accounting. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable.

Method Used to Value Investments. Investments are reported at fair value, which is based on quoted market prices with the difference between the purchase price and market price being recorded as earnings on investments.

Contributions

Local Government Code Section 157.102 assigns to Commissioners Court the authority to establish and amend contribution requirements of the plan members and the participating employers. The following tables present the criteria for the employers' contribution to the retiree's and qualifying dependent's benefits:

Retired Prior to March 1, 2002:

Years of Service	10 yrs.	9 yrs.	8 yrs.	< 8yrs. with proportionate service and/or disability
Retiree - Employer Share	100%	90%	80%	50%
Retiree - Retiree Share	0%	10%	20%	50%
Dependent - Employer Share	50%	45%	40%	25%
Dependent - Retiree Share	50%	55%	60%	75%

Retired or Eligible to Retire Prior to March 1, 2011:

Employee's age plus years of service	75	75	70-74	< 70	N/A
Years of service	10	8-9	8	4-7	< 4
Consecutive service years at retirement	4	4	4	4	N/A
Retiree - Employer Share	100%	80%	80%	50%	0%
Retiree - Retiree Share	0%	20%	20%	50%	100%
Dependent - Employer Share	50%	40%	40%	25%	0%
Dependent - Retiree Share	50%	60%	60%	75%	100%

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Eligible to Retire March 1, 2011 or After:

A combination of age plus a minimum of 10 years of non-forfeited Harris County/ TCDRS service equal to 80 or at least age 65 with a minimum of 10 years of non-forfeited Harris County/TCDRS service to receive 100% County contributions for retiree coverage and 50% for dependent coverage.

Employees Hired on or After March 1, 2007:

A combination of age plus a minimum of 20 years of non-forfeited Harris County/TCDRS service equal to 80 or at least age 65 with a minimum of 15 years of non-forfeited Harris County/TCDRS service to receive any County contributions for retiree or dependent coverage.

Effective March 1, 2012:

Harris County pays no more for retiree healthcare than the premium it pays for active employees for each rate tier structure (retiree only, retiree + spouse, retiree + child, retiree + 2 or more dependents). As a result all non-Medicare retirees pay an additional amount for their coverage regardless of their retirement date.

The Plan rates charged to retirees are set annually by Commissioners Court based on the combination of premiums and costs of the self-funded portion of the plan. The Plan is funded on a pay-as-you-go basis. For the year ended February 28, 2014, plan members or beneficiaries receiving benefits contributed \$9.53 million, or approximately 22.2 percent of total benefits paid during the year. Participating employers contributed \$33.47 million. The total contributions for the year ended February 28, 2014 were \$43.00 million. Total contributions included actual medical claims paid, premiums for other insurance and administrative costs calculated through an annual rate calculation.

THE EMPLOYER:

Annual OPEB Cost and Net OPEB Obligation

For fiscal year 2014, the County's annual OPEB cost (expense) was \$103,016,414 for the post-employment healthcare plan. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended February 28, 2014 were as follows:

Annual Required Contribution ("ARC")	\$ 109,456,719
Add interest on Net OPEB Obligation	14,448,163
Less adjustment to ARC	<u>(20,888,468)</u>
Annual OPEB Cost	103,016,414
Less Contributions made	<u>(33,473,572)</u>
Change in Net OPEB Obligation	69,542,842
Net OPEB Obligation beginning of the year	<u>361,204,066</u>
Net OPEB Obligation end of the year	<u><u>\$ 430,746,908</u></u>

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Trend Information:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net Ending OPEB Obligation
2/29/2012	\$ 92,618,903	\$ 38,812,133	42%	\$ 307,602,994
2/28/2013	91,773,629	38,172,557	42%	361,204,066
2/28/2014	103,016,414	33,473,572	32%	430,746,908

The above tables include information for the 5 participating employers to the agent multiple-employer defined benefit post employment healthcare plan that the County administers. Two of the employers, Emergency 911 and Community Supervision, are not considered departments or component units of the County. The net OPEB obligation for Emergency 911 and Community Supervision is \$716,073 and \$0 respectively at February 28, 2013. The net OPEB obligation for Emergency 911 and Community Supervision is \$854,515 and \$0 respectively at February 28, 2014.

Funded Status and Funding Progress. The funded status of the plan as of March 1, 2013 (most recent actuarial valuation) was as follows:

Unfunded actuarial accrued liability (UAAL)	\$ 1,189,670,446
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 776,162,676
UAAL as percentage of covered payroll	153%

The above table includes UAAL of \$1,586,416 for Emergency 911 and UAAL of \$13,136,729 for Community Supervision.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial assumptions used in calculating the County's UAAL and ARC are elaborated later in this note. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are made on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In order to perform the valuation, it was necessary for the County and the actuary to make certain assumptions regarding such items as rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare trend and interest rates.

In the March 1, 2013 actuarial valuation, a 4% discount rate was used. The medical trend rates of

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7% for 2013 and 2014 graded down to an ultimate rate of 5% by 2017 were used per the actuary's best estimate of expected long-term plan experience. The economic assumptions used in this valuation implicitly assume a general inflation level of approximately 2.5%.

The actuarial cost method used in valuing the County's liabilities was the Projected Unit Credit Cost Method. Under this method the benefits of each individual included in the valuation were allocated by a consistent formula over the years. The amortization period and method utilized was 30 year level dollar open period.

Additional Disclosures

Texas Local Government Code, Chapter 175 requires counties to make available continued health benefits coverage under certain circumstances to retirees and their dependents beyond the end of an individual's employment with the County ("Continuation Coverage") by permitting covered employees to purchase continued health benefits coverage in retirement. Texas law does not require counties to fund all or any portion of such coverage.

Because the County is given the authority to pay OPEB for its retired employees, it may incur a debt obligation to pay for OPEB so long as the County follows the constitutional requirement that it have sufficient taxing authority available at the time such debt is incurred to provide for the payment of the debt and has in fact levied a tax for such purpose concurrently with the incurrence of the debt. Any debt incurred in contravention of this constitutional requirement is considered void and payment will not be due. Harris County has not incurred a legal debt obligation for OPEB and has not levied a tax for the same. The County funds the cost associated with OPEB on a current "pay as you go" basis for a single fiscal year through an annual appropriation authorized by Commissioners Court during the County's annual budget adoption process.

GAAP requires governmental organizations to recognize an actuarially calculated accrued liability for OPEB, even though it may not have a legally enforceable obligation to pay OPEB benefits.

Information and amounts presented in the County's Comprehensive Annual Financial Report relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are only intended to achieve compliance with the requirements of generally accepted accounting principles (GASB 45) and does not constitute or imply that the County is legally obligated to provide OPEB benefits.

The schedule of funding progress, presented as RSI, following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

14. RISK MANAGEMENT

The County's risk-of-loss exposures include exposure to liability and accidental loss of real and personal property as well as human resources. County operations involve a variety of high risk activities including, but not limited to, law enforcement, cash collections, construction, and maintenance activities. The Office of Human Resources & Risk Management is responsible for

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identifying, evaluating, and managing risk in order to reduce the exposure from liability and accidental loss of property and human resources.

The County has established the Risk Management Internal Service Fund to account for risk management activity. Risk financing activities include the purchase of property insurance, professional liability insurance, and crime and fidelity coverage. Harris County is self-insured for general liability, vehicle liability, and liability from property damage claims. Such non-litigated claims are handled on a pay-as-you-go basis and are expensed as paid; due to immateriality, no liabilities are reported in the financial statements for such claims or for an estimate of any claims which may have been incurred but have not been reported. Any liability arising from operation of motorized equipment will be considered under the Texas Tort Claims Act.

The County is self-insured for workers' compensation claims and reimburses a third-party administrator who evaluates and pays claims in accordance with State statute. The County's workers' compensation self-insurance program provides medical and indemnity payments as required by law for job-related injuries. The liability for outstanding losses includes an actuarially determined amount for incurred but not reported claims. Interfund premiums for workers' compensation are actuarially determined by claims expense experience and payroll history. During the past three fiscal years, there were no claims paid that exceeded the insurance coverage.

Departmental billings for premiums for property insurance, professional liability insurance, and crime and fidelity policies, as well as payments to the insurance carriers, are handled through the Risk Management Fund. Payments by the County for general, vehicle, and property damage liability claims, for which the County is self-insured, are made through the Risk Management Fund unless litigation is involved. The County Attorney's Office handles any claims involving litigation.

The Risk Management Fund (Workers' Compensation) is available to pay claims and administrative costs of the programs and to fund claim reserves. During fiscal year 2014, a total of \$9,910,506 was paid in benefits and administrative costs. As of February 28, 2014, claims liability, including an actuarial estimate of claims that have been incurred but not reported and accrued unpaid claims administration, totaled \$18,730,878.

The following is a summary of the changes in worker's compensation claims liability for the Risk Management Fund for the fiscal years 2014 and 2013:

	2014	2013
Claims liability, beginning of fiscal year	\$ 21,912,453	\$ 23,524,325
Incurred claims (including IBNRs)	2,353,170	4,243,702
Claim payments	(5,534,745)	(5,855,574)
Claims liability, end of fiscal year	\$ 18,730,878	\$ 21,912,453

The County currently provides medical, dental, vision, and basic life and disability insurance benefits to eligible employees and retirees. The County pays the full cost of employee coverage and 50% of the cost of dependent premiums. Employees and retirees can pay an additional premium for a higher level of benefit coverage. Non-Medicare retirees pay an additional amount for their coverage regardless of years of service. The total obligation for health insurance benefits excluding medical is limited to the monthly premiums payable during the year and is based upon the number of enrolled

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employees, retirees and dependents during the year. The disability insurance will pay up to 50% of an employee’s salary for two years with an employee paid option to extend the benefits period to age 65 and increase the percentage to 60%. The contributions and benefits for employees and their dependents are accounted for in the Health Insurance Management internal service fund. Retirees and their dependents are accounted for in the Retiree Healthcare agency fund.

For medical insurance benefits, the County is self-insured and contracts with Aetna to administer the program. Claims liability includes an estimated amount for claims that have been incurred but not reported (“IBNRs”). The result of the process to estimate the claims liability is based on past claim experience. The County has an excess coverage insurance policy that activates when claims reach 125% of expected claims in aggregate or individual claims in excess of \$850,000. There were no significant reductions in insurance coverage from the prior year. During the past three fiscal years, there were no claims paid that exceeded the insurance coverage.

The following is a summary of the changes in medical insurance liability for the Health Insurance Management Fund for the fiscal years 2014 and 2013:

	2014	2013
Claims liability, beginning of fiscal year	\$ 19,947,158	\$ 24,474,503
Incurred claims (including IBNRs)	177,624,764	175,047,663
Claim payments	(175,346,583)	(179,575,008)
Claims liability, end of fiscal year	\$ 22,225,339	\$ 19,947,158

15. LANDFILL POSTCLOSURE CARE COST

Harris County operated three permitted and/or licensed landfills which were closed prior to October 1993 according to the rules and regulations at the time. All three sites have completed applicable post closure care requirements and are no longer owned by Harris County. A fourth site, a former unpermitted landfill, now known as Allison R. Peirce, Jr. Wetlands Nature Sanctuary, was part of an enforcement action by the County and acquired by the County to ensure that the site was appropriately remediated under Texas Commission on Environmental Quality (“TCEQ”) requirements. The County received Supplemental Environmental Project (“SEP”) funds as the primary funding of this project. The site has met the requirements of the Texas Commission on Environmental Quality’s Texas Risk Reduction Program. A “No Further Action” letter has been issued by the Texas Risk Reduction Program of the Texas Commission on Environmental Quality for this site and plans are being made to convert this site to a park facility. A fifth site was acquired when Harris County Flood Control acquired land for a detention basin. When construction for the detention basin began several years ago, an unpermitted landfill was discovered. This landfill was capped per the requirements at the time. Currently, the Harris County Flood Control has no regulatory requirement to remediate this site. The costs for this landfill are included with the pollution remediation obligation.

16. COMMITMENTS AND CONTINGENT LIABILITIES

POLLUTION REMEDIATION

The County is subject to numerous Federal, State and local environmental laws and regulations. GASB 49 established standards for the accounting and reporting of obligations incurred to address

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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current or potential detrimental effects of existing pollution. The County recorded in the financial statements pollution remediation liabilities of \$4,854,382. This includes \$465,237 of Flood Control District liabilities. There are no estimated recoveries reducing the liability as of February 28, 2014. Additional costs, if any, are not expected to have a material effect on the financial condition of the County. The County primarily has ground water and air pollution remediation obligations. The liabilities were calculated based on historical expenditures and professional judgment. The liabilities are an estimate and are subject to revision because of price increases or reductions, changes in technology, changes in applicable laws or regulations, or other circumstances that could cause changes. There are a few potential pollution remediation liabilities, or portions thereof, that are not yet recognized because they are not reasonably estimable at this time. These obligations include examples, such as ground water plumes whose extent and reach of contamination is in the process of being delineated under regulatory requirements and thus corrective action has not yet been determined; obligations recently identified and/or not yet quantifiable; and a lawsuit for cost-recovery under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA”) where the matter is under litigation, large numbers of responsible parties have been identified, and cost have not been apportioned yet by the court. Although uncertainties associated with environmental assessment remain and certain costs are not quantifiable, management believes the current provision for such costs is adequate.

LITIGATION

The County is involved in lawsuits and other claims in the ordinary course of operations. Such litigation includes lawsuits alleging personal injuries, discriminatory hiring and firing practices, claims from contractors for amounts under construction contracts, inverse condemnation claims, and various other liability claims. The outcome of most of these lawsuits and other claims are not presently determinable and the resolutions of these matters are not expected to have a material effect on the financial condition of the County. There are several civil cases that have resulted in settlements, consent decrees or are expected to have a financial impact on the County in subsequent fiscal years. Total liabilities of \$3,600,000 for judgments payable have been recorded in the governmental activities of the Government-Wide financial statements. An additional amount of approximately \$2.4 million is considered possible for payment in relation to other cases; accounting standards require that this amount be disclosed, but it is not recorded as a liability in the financial statements.

OTHER

The County received significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any financial statements of the individual fund types included herein or on the overall financial position of the County as of February 28, 2014.

The Houston Dynamo stadium (“BBVA Compass Stadium”) project was completed May 2012 when the stadium opened. Inter-local agreements establish the County’s obligation through Tax Increment Reinvestment Zone (“TIRZ”) Number 15 for the Dynamo Stadium Project. 85% of the increase in property tax revenues collected within the TIRZ will be paid to the TIRZ for Dynamo stadium

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2014

infrastructure and as reimbursement to the City of Houston for the County's 50% ownership interest in the stadium site. The County will have no liability for any shortfall or payment other than what is collected by the County on properties within the TIRZ.

An amended agreement between Metro and the County related to the Westpark Corridor was approved by Commissioners' Court on May 7, 2013. Per this agreement the County is obligated to reimburse Metro for certain increased project costs if incurred. The County's liability to Metro under the agreement shall not exceed the cap of \$41 million and the escalation thereof. Ad valorem taxes are irrevocably pledged to the payment.

OPERATING LEASES

As of February 28, 2014, the County had several operating leases for office space. As of February 28, 2014, the County's obligation for such annual rental payments, if the annual renewal option is exercised, is as follows:

<u>Governmental Activities</u>	
<u>Fiscal year</u>	<u>Office Space</u>
2015	\$ 3,216,086
2016	2,135,173
2017	1,860,641
2018	1,062,143
2019	849,857
2020-2028	977,419
	<u>\$ 10,101,319</u>

CONSTRUCTION COMMITMENTS

The County is committed under various contracts in connection with the construction of County facilities, buildings, and roads of \$96,218,772. In addition, the County has construction commitments outstanding relating to the Toll Road of approximately \$234,442,379.

ENCUMBRANCES

The County uses encumbrances to control expenditure commitments for the year. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of February 28, 2014, the encumbrance balances for the governmental funds are reported as follows:

	Restricted	Committed	Assigned	Total
General Fund	\$ 52,917,079	\$ -	\$ 14,402,383	\$ 67,319,462
Nonmajor Governmental	102,145,019	6,294,697	-	108,439,716
	<u>\$ 155,062,098</u>	<u>\$ 6,294,697</u>	<u>\$ 14,402,383</u>	<u>\$175,759,178</u>

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2014

17. REVENUE LEASES

OPERATING LEASES

The County is the lessor in several operating leases for certain land and office space. The land leases are for various park areas and expire over the next four years. The office space is in various County owned buildings and expire over the next five to thirty-nine years. The following schedule provides an analysis of the County's investment in the property on the operating leases as of February 28, 2014:

	Carrying Value
Land	\$ 8,011,115
Buildings	796,269,156
Total Carrying Value	804,280,271
Less: Accumulated Depreciation	(231,942,463)
	\$ 572,337,808

The following is a schedule by years of minimum future rental receipts on non-cancelable operating leases as of February 28, 2014:

Fiscal year	Governmental Activities
2015	\$ 988,518
2016	468,124
2017	194,175
2018	37,528
2019	26,606
2020-2024	126,953
2025-2029	123,088
2030-2034	34,528
2035-2039	33,172
2040-2044	33,172
2045-2049	33,172
2050-2054	25,433
2055-2059	5
Total minimum future rentals	\$ 2,124,474

The total minimum future rentals amount above does not include contingent rentals which may be received under certain leases based on percentage of receipts. Contingent rentals amounted to \$1,172,525 in 2014.

DIRECT-FINANCING LEASES

The County leases certain County-owned property to others for use as office space. The County's net investment in direct financing leases is \$246,300. These leases are classified as direct-financing leases and expire at various intervals over the next 43 years and are not considered a significant part of the County's operating activities in terms of revenue.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2014

18. FUND BALANCES

The following non-major governmental funds had negative fund balance at February 28, 2014:

Port Security Program	\$ 26,026	Negative due to timing differences in expenditures and billing procedures.
Tax Assessor Chapter 19	40,343	Negative due to timing differences in expenditures and billing procedures.
Harris County Redevelopment Authority	492,223	Negative due to timing of funds raised and expenditures incurred.

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 1. The following is a detail of fund balances for all the major and nonmajor governmental funds at February 28, 2014:

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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	General Fund	Nonmajor Governmental	Total
Fund Balances:			
Nonspendable:			
Inventories	\$ 3,005,136	\$ -	\$ 3,005,136
Prepays	2,089,168	2,193,913	4,283,081
Advances	40,000	12,651,000	12,691,000
Total nonspendable	<u>5,134,304</u>	<u>14,844,913</u>	<u>19,979,217</u>
Restricted for:			
Debt service	176,939,441	71,937,984	248,877,425
Imprest cash	200,000	-	200,000
Legislative	4,333,627	-	4,333,627
Mobility	247,067,162	-	247,067,162
Flood control	-	124,737,973	124,737,973
Sports & Convention Corporation	-	16,816,429	16,816,429
Tourism	-	2,843,834	2,843,834
District attorney administration	-	6,959,814	6,959,814
Records management	-	21,476,636	21,476,636
Forfeited funds	-	16,455,755	16,455,755
Affordable housing	-	4,891,144	4,891,144
Donations & other contributions	-	1,518,785	1,518,785
Administration of justice	-	11,694,569	11,694,569
County administration	-	10,814,636	10,814,636
Health and human services	-	3,102,068	3,102,068
Grant programs	-	479,613	479,613
Capital projects	831,660	237,321,456	238,153,116
Total restricted	<u>429,371,890</u>	<u>531,050,696</u>	<u>960,422,586</u>
Committed to:			
Legislative	2,438,223	-	2,438,223
Community development	-	956,586	956,586
Other contributions	-	176,866	176,866
Capital projects	69,417	29,829,935	29,899,352
Total committed	<u>2,507,640</u>	<u>30,963,387</u>	<u>33,471,027</u>
Assigned to:			
Encumbrances	14,402,383	-	14,402,383
Imprest cash	220,095	-	220,095
Total assigned	<u>14,622,478</u>	<u>-</u>	<u>14,622,478</u>
Unassigned	<u>355,856,709</u>	<u>(558,592)</u>	<u>355,298,117</u>
Total fund balances	<u>\$ 807,493,021</u>	<u>\$ 576,300,404</u>	<u>\$ 1,383,793,425</u>

Public Contingency Sub-fund

In 2007, the County established a Public Contingency sub-fund. The purpose of this fund is to assist with capital projects and unforeseen catastrophic events to be a stabilizing component for the County's total combined tax rate. The tax rate adopted in October 2013 was \$0.00547.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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The Public Contingency sub-fund does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the Public Contingency's fund balance in the amount of \$44,329,861 is reported as unassigned fund balance in the General Fund.

19. RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement 67, *Financial Reporting for Pension Plans* ("GASB 67"), replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 enhances note disclosures and RSI for both defined benefit and defined contribution plans. GASB 67 will be implemented by the County in fiscal year 2015 and the impact has not yet been determined.

GASB Statement 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 will be implemented by the County in fiscal year 2016 and the impact has not yet been determined.

GASB Statement 69, *Government Combinations and Disposals of Government Operations* ("GASB 69"), establishes accounting and financial reporting standards related to government combinations and disposals of government operations. GASB 69 will be implemented by the County in fiscal year 2015 and the impact has not yet been determined.

GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB 70"), provides guidance to improve accounting and reporting by state and local governments that extend and receive nonexchange financial guarantees. GASB 70 will be implemented by the District in fiscal year 2015 and the impact has not yet been determined.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* ("GASB 71"), is an amendment to Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB 71 eliminates the source of a potential significant understatement of restated beginning net position and expense in the first year implementation of Statement 68 in accrual basis financial statements. GASB 71 will be implemented by the County in fiscal year 2016 and the impact has not yet been determined.



REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

**HARRIS COUNTY, TEXAS
GENERAL FUND**

**SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For The Year Ended February 28, 2014

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
GENERAL FUND - OPERATING				
Beginning Cash and Investments	\$ 240,000,000	\$ 240,000,000	\$ 256,267,448	\$ 16,267,448
<u>Revenues and Transfers In:</u>				
Taxes	1,006,022,893	1,006,022,893	1,071,139,248	65,116,355
Intergovernmental	34,357,192	34,711,680	42,286,474	7,574,794
Charges for Services	200,208,706	201,147,894	216,944,964	15,797,070
Fines and Forfeitures	17,914,740	17,914,740	19,583,980	1,669,240
Rentals & Parks	5,865,814	5,860,013	1,517,806	(4,342,207)
Interest	1,931,659	1,931,659	1,064,228	(867,431)
Miscellaneous	40,192,045	42,080,798	52,314,799	10,234,001
Other Transfer In	-	6,273,250	7,438,923	1,165,673
Total Revenues and Transfers In	<u>1,306,493,049</u>	<u>1,315,942,927</u>	<u>1,412,290,422</u>	<u>96,347,495</u>
Total Available Resources - General Fund - Operating	<u>1,546,493,049</u>	<u>1,555,942,927</u>	<u>1,668,557,870</u>	<u>112,614,943</u>
GENERAL FUND - PUBLIC IMPROVEMENT CONTINGENCY				
Beginning Cash and Investments	29,932,250	29,932,250	26,571,177	(3,361,073)
<u>Revenues and Transfers In:</u>				
Taxes	14,345,324	14,345,324	16,997,410	2,652,086
Interest	367,900	367,900	378,069	10,169
Miscellaneous	4,641	4,641	14,256	9,615
Total Revenues and Transfers In	<u>14,717,865</u>	<u>14,717,865</u>	<u>17,389,735</u>	<u>2,671,870</u>
Total Available Resources - General Fund - Public Imp.	<u>44,650,115</u>	<u>44,650,115</u>	<u>43,960,912</u>	<u>(689,203)</u>
GENERAL FUND - MOBILITY FUND				
Beginning Cash and Investments	209,875,099	209,875,099	210,377,279	502,180
<u>Revenues and Transfers In:</u>				
Intergovernmental	-	7,790	7,790	-
Interest	1,000,342	1,000,342	590,909	(409,433)
Miscellaneous	-	22,000	284,531	262,531
Other - Transfers In	120,000,000	121,047,886	121,047,886	-
Total Revenues and Transfers In	<u>121,000,342</u>	<u>122,078,018</u>	<u>121,931,116</u>	<u>(146,902)</u>
Total Available Resources - General Fund - Mobility Fund	<u>330,875,441</u>	<u>331,953,117</u>	<u>332,308,395</u>	<u>355,278</u>
GENERAL FUND - DEBT SERVICE				
<u>Beginning Cash and Investments:</u>				
HC/FC Agreement 2008A CP Refunding	6,863,947	6,863,947	6,932,975	69,028
HC/FC Agreement 2008C CP Refunding	9,288,174	9,288,174	9,379,091	90,917
HC/FC Agreement 2010A CP Refunding	8,959,236	8,959,236	9,051,943	92,707
Permanent Improvements Refunding Series 1996	9,477,369	9,477,369	9,555,284	77,915
Permanent Improvements Refunding Series 1997	6,869,205	6,869,205	6,938,728	69,523
Commercial Paper Series B	863,932	863,932	827,384	(36,548)
Commercial Paper Series C	1,548,854	1,548,854	1,514,439	(34,415)
Permanent Improvements Refunding Series 2008C	2,327,539	2,327,539	2,352,792	25,253
Commercial Paper Series A1	2,058,852	2,058,852	1,950,183	(108,669)
HC/FC Agreement 2004A CP Refunding	6,665,924	6,665,924	6,734,120	68,196
Permanent Improvement Commercial Paper Series D	2,725,376	2,725,376	2,606,345	(119,031)
Flood Control Comm Paper Agreement	859,562	859,562	857,980	(1,582)
HC/FC Agreement 2006 CP Refunding	4,641,670	4,641,670	4,687,119	45,449
Revenue Refunding Series 2002	64,580	64,580	62,260	(2,320)
Permanent Improvement Refunding Series 2003B	10,208,840	10,208,840	10,309,920	101,080
Permanent Improvement Refunding Series 2004A	3,767,930	3,767,930	3,803,302	35,372
Permanent Improvement Refunding Series 2005A	6,758,638	6,758,638	6,824,395	65,757
Permanent Improvement Refunding Series 2006A	1,944,822	1,944,822	1,959,091	14,269
Permanent Improvement Refunding Series 2008A	222,930	222,930	223,432	502

See notes to required supplementary information.

**HARRIS COUNTY, TEXAS
GENERAL FUND**

**SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For The Year Ended February 28, 2014

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Tax & Subordinate Lien Refunding Series 2009C	-	-	217	217
Permanent Improvement Refunding Series 2008B	8,825,802	8,825,802	8,916,417	90,615
Permanent Improvement Refunding Series 2009A	1,137,870	1,137,870	1,148,331	10,461
Permanent Improvement Refunding Series 2009B	9,749,975	9,749,975	9,847,701	97,726
Permanent Improvement Refunding Series 2010A	9,610,749	9,610,749	9,709,231	98,482
Permanent Improvement Refunding Series 2010B	4,452,189	4,452,189	4,498,724	46,535
Permanent Improvement Refunding Series 2011A	4,420,415	4,420,415	4,462,246	41,831
Permanent Improvement Refunding Series 2011A -COI	36,200	36,200	36,186	(14)
Permanent Improvement Refunding Series 2011B -COI	28,500	28,500	28,257	(243)
Tax & Subordinate Lien Refunding Series 2012A	975,288	975,288	975,790	502
Permanent Improvement Refunding Series 2012A	5,727,517	5,727,517	5,990,106	262,589
Permanent Improvement Refunding Series 2012A -COI	40,240	40,240	40,253	13
Permanent Improvement Refunding Series 2012B	1,800,079	1,800,079	1,882,167	82,088
Permanent Improvement Refunding Series 2012B -COI	21,240	21,240	21,240	-
Total Beginning Cash and Investments	<u>132,943,444</u>	<u>132,943,444</u>	<u>134,127,649</u>	<u>1,184,205</u>
Revenues and Transfers In:				
HC/FC Agreement 2008A CP Refunding	7,566,202	7,566,202	6,764,464	(801,738)
HC/FC Agreement 2008C CP Refunding	10,103,311	10,103,311	9,026,761	(1,076,550)
HC/FC Agreement 2010A CP Refunding	9,775,733	9,775,733	8,752,802	(1,022,931)
Permanent Improvements Refunding Series 1996	10,227,849	10,227,849	9,592,704	(635,145)
Permanent Improvements Refunding Series 1997	7,456,912	7,456,912	6,978,022	(478,890)
Commercial Paper Series B	159	159	2,093	1,934
Commercial Paper Series C	1,891,851	1,891,851	1,680,682	(211,169)
Permanent Improvements Refunding Series 2008C	2,573,028	2,573,028	2,399,015	(174,013)
Commercial Paper Series A1	301	301	6,503	6,202
HC/FC Agreement 2004A CP Refunding	7,388,899	7,388,899	6,548,818	(840,081)
Permanent Improvement Commercial Paper Series D	392	392	34,447,827	34,447,435
Flood Control Comm Paper Agreement	987,168	987,168	1,277,462	290,294
HC/FC Agreement 2006 CP Refunding	5,057,243	5,057,243	4,538,479	(518,764)
Revenue Refunding Series 2002	47	47	3,900,058	3,900,011
Permanent Improvement Refunding Series 2003B	633,657	633,657	477,514	(156,143)
Permanent Improvement Refunding Series 2004A	254,843	254,843	214,307	(40,536)
Permanent Improvement Refunding Series 2005A	8,483,700	8,483,700	7,961,370	(522,330)
Permanent Improvement Refunding Series 2006A	2,236,271	2,236,271	1,998,048	(238,223)
Permanent Improvement Refunding Series 2008A	334,545	334,545	265,904	(68,641)
Tax & Subordinate Lien Refunding Series 2009C	1,360,043	1,360,043	1,352,087	(7,956)
Permanent Improvement Refunding Series 2008B	9,645,690	9,645,690	9,017,818	(627,872)
Permanent Improvement Refunding Series 2009A	1,238,818	1,238,818	1,168,583	(70,235)
Permanent Improvement Refunding Series 2009B	19,320,370	19,320,370	18,749,956	(570,414)
Permanent Improvement Refunding Series 2010A	10,479,344	10,479,344	9,772,927	(706,417)
Permanent Improvement Refunding Series 2010B	4,861,546	4,861,546	4,533,622	(327,924)
Permanent Improvement Refunding Series 2011A	9,817,974	9,817,974	9,152,885	(665,089)
Permanent Improvement Refunding Series 2011A - COI	-	-	2	2
Permanent Improvement Refunding Series 2011B - COI	-	-	2	2
Tax & Subordinate Lien Refunding Series 2012A DS	7,843,040	7,843,040	7,842,253	(787)
Permanent Improvement Refunding Series 2012A	14,512,808	14,512,808	7,476,976	(7,035,832)
Permanent Improvement Refunding Series 2012A - COI	-	16	3	(13)
Permanent Improvement Refunding Series 2012B	3,104,944	3,104,944	1,193,568	(1,911,376)
Permanent Improvement Refunding Series 2012B - COI	-	1	1	-
Budget HC Debt Service Unallocated	81,710	81,710	-	(81,710)
Total Revenues and Transfers In	<u>157,238,398</u>	<u>157,238,415</u>	<u>177,093,516</u>	<u>19,855,101</u>

See notes to required supplementary information.

**HARRIS COUNTY, TEXAS
GENERAL FUND**

**SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For The Year Ended February 28, 2014

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
<u>Total Available Resources:</u>				
HC/FC Agreement 2008A CP Refunding	14,430,149	14,430,149	13,697,439	(732,710)
HC/FC Agreement 2008C CP Refunding	19,391,485	19,391,485	18,405,852	(985,633)
HC/FC Agreement 2010A CP Refunding	18,734,969	18,734,969	17,804,745	(930,224)
Permanent Improvements Refunding Series 1996	19,705,218	19,705,218	19,147,988	(557,230)
Permanent Improvements Refunding Series 1997	14,326,117	14,326,117	13,916,750	(409,367)
Commercial Paper Series B	864,091	864,091	829,477	(34,614)
Commercial Paper Series C	3,440,705	3,440,705	3,195,121	(245,584)
Permanent Improvements Refunding Series 2008C	4,900,567	4,900,567	4,751,807	(148,760)
Commercial Paper Series A1	2,059,153	2,059,153	1,956,686	(102,467)
HC/FC Agreement 2004A CP Refunding	14,054,823	14,054,823	13,282,938	(771,885)
Permanent Improvement Commercial Paper Series D	2,725,768	2,725,768	37,054,172	34,328,404
Flood Control Comm Paper Agreement	1,846,730	1,846,730	2,135,442	288,712
HC/FC Agreement 2006 CP Refunding	9,698,913	9,698,913	9,225,598	(473,315)
Revenue Refunding Series 2002	64,627	64,627	3,962,318	3,897,691
Permanent Improvement Refunding Series 2003B	10,842,497	10,842,497	10,787,434	(55,063)
Permanent Improvement Refunding Series 2004A	4,022,773	4,022,773	4,017,609	(5,164)
Permanent Improvement Refunding Series 2005A	15,242,338	15,242,338	14,785,765	(456,573)
Permanent Improvement Refunding Series 2006A	4,181,093	4,181,093	3,957,139	(223,954)
Permanent Improvement Refunding Series 2008A	557,475	557,475	489,336	(68,139)
Tax & Subordinate Lien Refunding Series 2009C	1,360,043	1,360,043	1,352,304	(7,739)
Permanent Improvement Refunding Series 2008B	18,471,492	18,471,492	17,934,235	(537,257)
Permanent Improvement Refunding Series 2009A	2,376,688	2,376,688	2,316,914	(59,774)
Permanent Improvement Refunding Series 2009B	29,070,345	29,070,345	28,597,657	(472,688)
Permanent Improvement Refunding Series 2010A	20,090,093	20,090,093	19,482,158	(607,935)
Permanent Improvement Refunding Series 2010B	9,313,735	9,313,735	9,032,346	(281,389)
Permanent Improvement Refunding Series 2011A	14,238,389	14,238,389	13,615,131	(623,258)
Permanent Improvement Refunding Series 2011A - COI	36,200	36,200	36,188	(12)
Permanent Improvement Refunding Series 2011B - COI	28,500	28,500	28,259	(241)
Tax & Subordinate Lien Refunding Series 2012A DS	8,818,328	8,818,328	8,818,043	(285)
Permanent Improvement Refunding Series 2012A	20,240,325	20,240,325	13,467,082	(6,773,243)
Permanent Improvement Refunding Series 2012A - COI	40,240	40,256	40,256	-
Permanent Improvement Refunding Series 2012B	4,905,023	4,905,023	3,075,735	(1,829,288)
Permanent Improvement Refunding Series 2012B - COI	21,240	21,241	21,241	-
Budget HC Debt Service Unallocated	81,710	81,710	-	(81,710)
Total Available Resources - General Fund - Debt Service	<u>290,181,842</u>	<u>290,181,859</u>	<u>311,221,165</u>	<u>21,039,306</u>
 TOTAL GENERAL FUND				
Beginning Cash and Investments	612,750,793	612,750,793	627,343,553	14,592,760
Revenues and Transfers In	1,599,449,654	1,609,977,225	1,728,704,789	118,727,564
TOTAL GENERAL FUND	<u>\$ 2,212,200,447</u>	<u>\$ 2,222,728,018</u>	<u>\$ 2,356,048,342</u>	<u>\$ 133,320,324</u>

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2014

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
GENERAL FUND DEPARTMENTS				
Public Infrastructure	\$ 3,707,000	\$ 3,426,302	\$ 2,232,856	\$ 1,193,446
PID Shared Operations	750,000	8,328,231	3,021,238	5,306,993
Right of Way	1,985,000	2,339,724	1,795,402	544,322
Construction Programs Division	8,465,000	8,718,488	8,089,696	628,792
Appraisal District	8,978,000	9,246,041	9,246,041	-
County Judge	4,920,000	5,765,720	4,232,790	1,532,930
Commissioner Precinct 1	39,861,386	41,010,640	20,203,582	20,807,058
Commissioner Precinct 2	42,954,973	43,437,716	24,165,922	19,271,794
Commissioner Precinct 3	37,084,226	45,484,132	31,216,392	14,267,740
Commissioner Precinct 4	40,468,119	41,159,350	16,643,872	24,515,478
Tunnel and Ferries Operation	4,700,000	5,305,192	4,042,092	1,263,100
Budget Management	6,050,000	7,451,896	5,814,378	1,637,518
General Administration	231,359,718	144,909,657	27,161,095	117,748,562
Legislative Services	1,400,000	1,627,523	1,158,099	469,424
Public Infrastructure - Architecture & Engineering	25,300,000	26,149,459	23,605,742	2,543,717
Fire Marshal's Office	5,250,000	5,727,317	5,143,556	583,761
Medical Examiner	22,556,000	25,404,576	23,606,276	1,798,300
Pollution Control Department	3,650,000	3,808,658	3,697,843	110,815
Public Health Services	20,200,000	21,471,864	19,482,108	1,989,756
Public Library	23,800,000	24,370,070	24,219,871	150,199
Domestic Relations	2,700,000	3,157,335	2,504,075	653,260
Community Services	8,800,000	9,069,921	8,719,557	350,364
Information Technology Center	35,530,000	39,105,789	36,431,645	2,674,144
Information Technology Center Repairs	-	3,021,822	3,021,822	-
MHMRA	20,600,000	20,492,701	20,492,701	-
FPM Repairs and Replacement	-	788,152	379,956	408,196
FPM Utilities and Leases	28,100,000	26,850,000	24,171,192	2,678,808
Facilities and Property Management	29,856,000	31,214,350	28,996,256	2,218,094
Constable Precinct 1	22,802,000	25,624,467	22,878,477	2,745,990
Constable Precinct 2	5,900,000	6,442,487	6,098,683	343,804
Constable Precinct 3	11,576,000	12,793,572	11,934,057	859,515
Constable Precinct 4	31,900,000	34,972,324	34,677,440	294,884
Constable Precinct 5	29,111,000	31,280,475	29,206,307	2,074,168
Constable Precinct 6	7,800,000	8,202,365	7,700,599	501,766
Constable Precinct 7	8,491,000	9,299,761	8,821,967	477,794
Constable Precinct 8	5,820,000	6,556,971	5,951,572	605,399
Justice of the Peace 1-1	1,643,000	1,790,167	1,649,260	140,907
Justice of the Peace 1-2	2,024,000	2,140,856	1,990,881	149,975
Justice of the Peace 2-1	823,000	885,875	844,344	41,531
Justice of the Peace 2-2	780,000	834,209	772,183	62,026
Justice of the Peace 3-1	1,493,000	1,658,565	1,437,595	220,970
Justice of the Peace 3-2	1,033,000	1,075,782	1,056,518	19,264
Justice of the Peace 4-1	2,360,000	2,545,738	2,251,016	294,722
Justice of the Peace 4-2	1,280,000	1,353,333	1,259,028	94,305
Justice of the Peace 5-1	1,820,000	1,944,923	1,794,838	150,085
Justice of the Peace 5-2	2,667,000	2,855,736	2,679,772	175,964
Justice of the Peace 6-1	605,000	635,770	599,588	36,182
Justice of the Peace 6-2	705,000	736,856	710,466	26,390
Justice of the Peace 7-1	880,000	1,017,275	891,130	126,145
Justice of the Peace 7-2	840,000	894,804	862,496	32,308
Justice of the Peace 8-1	1,055,000	1,147,479	1,065,274	82,205

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2014

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
Justice of the Peace 8-2	940,000	1,005,609	960,543	45,066
County Attorney	17,920,000	19,589,176	18,765,085	824,091
County Clerk	24,110,000	25,464,137	23,587,419	1,876,718
County Treasurer	1,025,000	1,071,255	1,005,702	65,553
Tax Assessor-Collector	22,850,000	24,413,052	23,766,948	646,104
County Sheriff	390,930,000	406,627,502	399,805,674	6,821,828
District Attorney	58,700,000	62,192,244	60,481,398	1,710,846
District Clerk	27,350,000	29,278,380	26,965,194	2,313,186
Public Defender Pilot Program	6,250,000	6,477,834	6,477,623	211
Community Supervision and Correction	690,000	690,000	682,967	7,033
Pretrial Services	6,632,000	6,960,138	6,572,011	388,127
County Auditor	18,116,226	18,116,226	14,546,250	3,569,976
Purchasing Agent	7,295,352	7,520,891	6,912,238	608,653
District Courts	19,206,000	19,971,857	19,263,890	707,967
Court Appointed Attorney	27,920,000	36,520,000	35,772,184	747,816
Texas Agrilife Extension Services	750,000	879,672	633,939	245,733
Juvenile Probation	67,000,000	73,690,606	66,693,501	6,997,105
Sheriff's Civil Service	205,000	219,945	214,380	5,565
Protective Services- Children and Adults	19,700,000	20,972,118	20,249,805	722,313
Children's Assessment Center	4,850,000	5,193,688	4,619,559	574,129
1st Court of Appeals	85,000	85,000	74,853	10,147
14th Court of Appeals	85,000	85,000	45,679	39,321
County Courts	11,899,000	12,403,871	11,263,176	1,140,695
Court Appointed Attorney	3,351,000	3,951,000	3,937,323	13,677
Probate Court 1	1,100,000	1,142,263	1,137,358	4,905
Probate Court 2	1,100,000	1,132,632	1,055,748	76,884
Probate Court 3	2,900,000	3,476,071	3,350,306	125,765
Probate Court 4	1,100,000	1,152,481	1,062,484	89,997
Total General Fund By Department	1,546,493,000	1,555,815,064	1,290,532,783	265,282,281
Public Improvement Contingency	44,650,115	44,650,115	-	44,650,115
MOBILITY FUND DEPARTMENTS				
PID Shared Operations	-	1,107,886	287,907	819,979
Harris County Commissioner Pct. 1	114,762,097	115,108,233	14,006,117	101,102,116
Harris County Commissioner Pct. 2	50,739,602	51,344,805	21,691,605	29,653,200
Harris County Commissioner Pct. 3	35,208,602	36,007,553	17,781,773	18,225,780
Harris County Commissioner Pct. 4	82,521,967	83,923,709	28,391,971	55,531,738
General Administration	47,643,173	44,460,931	-	44,460,931
Total Mobility Fund By Department	330,875,441	331,953,117	82,159,373	249,793,744

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2014

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
GENERAL FUND DEBT SERVICE				
1050 HC/FC Agreement 2008A CP Refunding	14,430,149	14,430,149	6,993,000	7,437,149
1080 HC/FC Agreement 2008C CP Refunding	19,391,486	19,391,486	9,436,800	9,954,686
10A0 HC/FC Agreement 2010A CP Refunding	18,734,968	18,734,968	9,094,000	9,640,968
1250 Permanent Improvement Refunding Series 1996	19,705,218	19,705,218	9,630,000	10,075,218
1260 Permanent Improvement Refunding Series 1997	14,326,117	14,326,117	7,010,025	7,316,092
1390 Commercial Paper Series B	864,091	864,091	170,268	693,823
1400 Commercial Paper Series C	3,440,705	3,440,705	1,549,181	1,891,524
1410 Permanent Improvement Refunding Series 2008C	4,900,567	4,900,567	2,402,887	2,497,680
1420 Commercial Paper Series A-1	2,059,152	2,059,152	501,274	1,557,878
1440 HC/FC Agreement 2004A CP Refunding	14,054,823	14,054,823	6,750,000	7,304,823
1470 Commercial Paper Series - Flood Control	2,725,768	2,725,768	1,028,828	1,696,940
1480 Flood Control CP Agreement	1,846,730	1,846,730	749,816	1,096,914
1490 HC/FC Agreement 2006 CP Refunding	9,698,913	9,698,913	4,709,000	4,989,913
1600 Revenue Refunding Series 2002	64,627	64,627	-	64,627
1680 Permanent Improvement Refunding Series 2003B	10,842,496	10,842,496	10,787,435	55,061
1780 Permanent Improvement Refunding Series 2004A	4,022,773	4,022,773	2,379,715	1,643,058
17D0 Road Refunding Bond Series 2012A	36,200	36,200	36,188	12
17E0 HC Road Ref Bond 2012B	28,500	28,500	28,259	241
1800 Permanent Improvement Refunding Series 2005A	15,242,338	15,242,338	6,879,500	8,362,838
1850 Permanent Improvement Refunding Series 2006A	4,181,093	4,181,093	1,958,288	2,222,805
1870 Permanent Improvement Refunding Series 2008A	557,476	557,476	216,450	341,026
18A0 Tax & Subordinate Lien Refunding Series 2009C	1,360,044	1,360,044	1,351,562	8,482
18C0 Tax & Subordinate Lien Refunding Series 2012A	8,818,328	8,818,328	7,841,500	976,828
1910 Permanent Improvement Refunding Series 2008B	18,471,492	18,471,492	9,004,650	9,466,842
1960 Permanent Improvement Refunding Series 2009A	2,376,687	2,376,687	1,155,150	1,221,537
19A0 Permanent Improvement Refunding Series 2009B	29,070,346	29,070,346	9,909,313	19,161,033
19C0 Permanent Improvement Refunding Series 2010A	20,090,093	20,090,093	9,755,588	10,334,505
19E0 Permanent Improvement Refunding Series 2010B	9,313,734	9,313,734	4,525,600	4,788,134
19G0 Permanent Improvement Refunding Series 2011A	14,238,390	14,238,390	4,590,950	9,647,440
19I0 Permanent Improvement Refunding Series 2012A	20,240,325	20,240,325	6,983,991	13,256,334
19J0 Permanent Improvement Refunding Ser. 2012A-COI	40,240	40,256	40,256	-
19K0 Permanent Improvement Refunding Series 2012B	4,905,023	4,905,023	1,419,463	3,485,560
19L0 Permanent Improvement Refunding Ser. 2012B-COI	21,240	21,241	21,241	-
1990 Budget HC Debt Service Unallocated	81,710	81,710	-	81,710
Total General Fund Debt Service	290,181,842	290,181,859	138,910,178	151,271,681
 Total General Fund	 \$ 2,212,200,398	 \$ 2,222,600,155	 \$ 1,511,602,334	 \$ 710,997,821

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
February 28, 2014

1. RECONCILIATION OF ACCOUNTING BASIS

A reconciliation of revenues and expenditures on a cash basis (“budgetary basis”) compared to modified accrual basis (GAAP) for the general fund is as follows:

	GENERAL FUND
REVENUES AND OTHER SOURCES	
Cash (budgetary) basis	\$ 2,356,048,342
Beginning Cash and Investments	(627,343,553)
Accrued in 2013, received in 2014	(10,199,177)
Entry to eliminate transfers between funds	(7,716,600)
Accrued in 2014, to be received in 2015	3,162,577
Internal special revenue funds	2,707
Revenues and other sources on modified accrual (GAAP) basis	1,713,954,296
EXPENDITURES AND OTHER USES	
Cash (budgetary) basis	1,511,602,334
Incurred during 2013, paid in 2014	(66,548,830)
Entry to eliminate transfers between funds	(7,716,600)
Incurred during 2014, payable in 2015	34,161,252
Internal special revenue funds	3,393,727
Expenditures and other uses on modified accrual (GAAP) basis	1,474,891,883
Changes in Fund Balances	\$ 239,062,413

2. ANALYSIS OF SIGNIFICANT EXPENDITURE VARIANCES

In five departments, the Public Improvement Contingency Sub-fund, the Mobility Sub-fund and several general fund debt service accounts, there were significant variances between the budgeted amount and actual expenditures.

Four of the departments with significant variances are the Commissioner Precincts, which have a combined positive variance of \$78,862,070. The precinct budgets include capital projects for roads and bridges. These budgets are set at the beginning of the projects and roll year-to-year. Therefore, these variances are anticipated. The other department is General Administration which has a positive variance of \$117,748,562.

The Public Improvement Contingency Sub-fund has a positive variance of \$44,650,115. These funds are set aside by Commissioners Court to assist with capital projects and for use in unforeseen emergency events.

The Mobility Sub-fund has a positive variance of \$249,793,744. These funds are set aside to increase general mobility within the County.

The combined positive variance for all the general fund debt service accounts was \$151,271,681. The County’s practice is to have a full year’s worth of payments available for tax supported debt. As the tax year and budget year are not the same, there will always be a variance between the budget and actual expenditures. In these cases, the debt payment amounts are high enough to cause a significant variance, and will continue to cause significant variances in the future.

**HARRIS COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
February 28, 2014**

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
2012	3/1/2011	\$ -	\$ 976,631,331	\$ 976,631,331	0%	\$ 751,741,400	129.9%
2013	3/1/2011	-	976,631,331	976,631,331	0%	727,014,798	134.3%
2014	3/1/2013	-	1,189,670,446	1,189,670,446	0%	776,162,676	153.3%

The above table includes information for the 5 participating employers to the agent multiple-employer defined benefit post employment healthcare plan that the County administers. Two of the employers, Emergency 911 and Community Supervision are not considered departments or component units of the County; the UAAL for these entities are \$1,586,416 and \$13,136,729 respectively.

**HARRIS COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
February 28, 2014**

Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
Actuarial Value of Assets	\$2,809,759,604	\$2,900,822,171	\$3,066,967,671
Actuarial Accrued Liability (AAL)	\$3,256,666,141	\$3,415,552,240	\$3,569,569,202
Unfunded Actuarial Accrued Liability (UAAL)	\$ 446,906,537	\$ 514,730,069	\$ 502,601,531
Funded Ratio	86.28%	84.93%	85.92%
Annual Covered Payroll (Actuarial)	\$ 794,141,978	\$ 779,898,383	\$ 800,850,524
UAAL as Percentage of Covered Payroll	56.28%	66.00%	62.76%



NONMAJOR GOVERNMENTAL FUNDS

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
February 28, 2014

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and Investments:				
Cash and cash equivalents	\$ 107,120,795	\$ -	\$ 142,813,342	\$ 249,934,137
Investments	127,185,595	-	154,166,898	281,352,493
Receivables:				
Taxes, net	4,622,659	3,509,716	-	8,132,375
Accounts, net	51,929,947	-	1,458,732	53,388,679
Accrued interest	8,384,695	-	304,058	8,688,753
Other, net	46,756,514	25,934	-	46,782,448
Due from other funds	3,402,255	47,023	301,259	3,750,537
Prepays and other assets	1,183,279	-	1,395,523	2,578,802
Inventories	3,171,097	-	-	3,171,097
Advances to other funds	651,000	-	12,000,000	12,651,000
Restricted cash and cash equivalents	751,694	65,750,588	-	66,502,282
Restricted investments	12,000,000	4,273,959	-	16,273,959
Notes receivable	501,948	-	-	501,948
Total assets	<u>\$ 367,661,478</u>	<u>\$ 73,607,220</u>	<u>\$ 312,439,812</u>	<u>\$ 753,708,510</u>
LIABILITIES				
Vouchers payable	\$ 26,318,612	\$ -	\$ 12,996,398	\$ 39,315,010
Accrued payroll and compensated absences	4,928,775	-	57,640	4,986,415
Retainage payable	2,127,417	-	5,884,120	8,011,537
Due to other funds	60,749,889	-	155,012	60,904,901
Due to other governmental units	145,788	-	-	145,788
Advances from other funds	12,691,000	-	-	12,691,000
Unearned revenue	22,274,221	-	11,397,893	33,672,114
Total liabilities	<u>129,235,702</u>	<u>-</u>	<u>30,491,063</u>	<u>159,726,765</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	2,238,356	1,669,236	-	3,907,592
Unavailable revenue - other	12,371,914	-	1,401,835	13,773,749
Total deferred inflows of resources	<u>14,610,270</u>	<u>1,669,236</u>	<u>1,401,835</u>	<u>17,681,341</u>
FUND BALANCE				
Nonspendable	1,449,390	-	13,395,523	14,844,913
Restricted	221,791,256	71,937,984	237,321,456	531,050,696
Committed	1,133,452	-	29,829,935	30,963,387
Unassigned	(558,592)	-	-	(558,592)
Total fund balances	<u>223,815,506</u>	<u>71,937,984</u>	<u>280,546,914</u>	<u>576,300,404</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 367,661,478</u>	<u>\$ 73,607,220</u>	<u>\$ 312,439,812</u>	<u>\$ 753,708,510</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
For the Year Ended February 28, 2014

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$ 114,222,463	\$ 60,335,470	\$ -	\$ 174,557,933
Charges for services	26,782,996	-	-	26,782,996
Lease revenue	748,179	-	-	748,179
Intergovernmental	235,677,538	-	56,431,218	292,108,756
Earnings on investments	260,808	123,043	638,385	1,022,236
Miscellaneous	27,935,303	65,258	3,048,792	31,049,353
Total revenues	<u>405,627,287</u>	<u>60,523,771</u>	<u>60,118,395</u>	<u>526,269,453</u>
EXPENDITURES				
Current operating:				
Administration of justice	118,878,507	-	207,709	119,086,216
Parks	26,641,203	-	155,414	26,796,617
County administration	53,334,829	-	11,619,065	64,953,894
Health and human services	91,980,033	-	134,818	92,114,851
Flood control	54,149,124	-	8,670,502	62,819,626
Tax administration	1,007,252	-	-	1,007,252
Roads and bridges	153,814	-	4,177,979	4,331,793
Capital outlay	43,115,800	-	140,125,315	183,241,115
Debt service:				
Principal retirement	-	23,012,902	-	23,012,902
Bond issuance costs	-	-	12,000	12,000
Interest and fiscal charges	-	78,790,761	161,396	78,952,157
Total Expenditures	<u>389,260,562</u>	<u>101,803,663</u>	<u>165,264,198</u>	<u>656,328,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,366,725</u>	<u>(41,279,892)</u>	<u>(105,145,803)</u>	<u>(130,058,970)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	16,223,151	37,900,830	26,663,783	80,787,764
Transfers out	(40,182,383)	-	(2,846,155)	(43,028,538)
Commercial paper issued	-	-	70,225,000	70,225,000
Proceeds from insurance recoveries	266,849	-	-	266,849
Proceeds from loan	15,083,156	-	-	15,083,156
Sale of capital assets	98,729	-	9,176,731	9,275,460
Total other financing sources(uses)	<u>(8,510,498)</u>	<u>37,900,830</u>	<u>103,219,359</u>	<u>132,609,691</u>
Net changes in fund balances	7,856,227	(3,379,062)	(1,926,444)	2,550,721
Fund balances, beginning	215,959,279	75,317,046	282,473,358	573,749,683
Fund balances, ending	<u>\$ 223,815,506</u>	<u>\$ 71,937,984</u>	<u>\$ 280,546,914</u>	<u>\$ 576,300,404</u>

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Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

FLOOD CONTROL - This fund is used to account for all revenues and expenditures relating to general operations of Harris County Flood Control District. The Flood Control District is responsible for developing a flood control plan for the County, carrying out an ongoing capital improvement program, maintaining district facilities and providing flood watch and flood alert programs.

SPORTS & CONVENTION CORPORATION - This fund was established under the Texas Transportation Act for the purpose of aiding and acting on behalf in managing, operating, maintaining and developing the sports and entertainment complex located on property owned by the County.

HOTEL OCCUPANCY TAX REVENUE - This fund was established in September 1987, per Texas Tax Code Chapter 352, to account for revenues primarily generated from a hotel occupancy tax and expenditures that serve the purpose of attracting visitors and promoting tourism.

DISTRICT COURT RECORDS ARCHIVE – This fund was established in accordance with Chapter 51 of the Texas Government Code that authorizes the commissioners court of a county to adopt a district court records archive fee for the filing of a suit, including an appeal from an inferior court, or a cross-action, counterclaim, intervention, contempt action, motion for a new trial, or third-party petition in a district court in the county as part of the county’s annual budget. These funds may be expended only for preservation and restoration of the district court records archive and for records management and preservation purposes.

PORT SECURITY PROGRAM – This fund was established for the Houston Ship Channel Security District (the District) reimbursement and prepayment of specific operational costs to include security and maintenance that the County has incurred related to the Houston Ship Channel Security District.

HEALTHCARE ALLIANCE – This fund was established for the purpose to facilitate coordination and collaboration among healthcare providers in Harris County and bringing additional resources to Harris County to provide health care to uninsured residents. The Harris County Healthcare Alliance is a non-profit organization that reimburses the County 100% for payroll and all out of pocket expenses.

DEED RESTRICTION ENFORCEMENT - This fund was established with Chapter 202 and 203 of the Texas Property Code and provides for fees to administer the enforcement of deed restriction violations affecting real property subdivisions. These fees are used only for enforcement of the deed restriction violations, and any unused funds are to be refunded to the complainants.

CONCESSION FEE – This fund was established in accordance with Texas Local Government Code section 331.006. The proceeds of the sales and leases may be used only for the improvement and operation of the park, museum, or site.

CARE FOR ELDERS – This fund was established through a contractual agreement between Harris County and United Way of Greater Houston. The purpose of the Care for Elders program is to assist the elderly with access to services, improve the quality of care and enhance the quality of life by providing critical goods or services for Harris County residents where other forms of resources are limited or unavailable. Through the contractual agreement, no funds will be issued directly to clients. All checks must be made out to vendors or providers of needed services, including relatives or others providing care.

CHILD SUPPORT ENFORCEMENT – This fund was established in accordance with Chapter 231 of the Texas Family Code which authorizes filing fees and, fees for issuance and delivery of order, service of process, fees for transfer, writs and the fee that the sheriffs and constables are authorized to charge for serving.

FAMILY PROTECTION - This fund was established in accordance with Texas Government Code Section 51.961 (d) and (e) Family Protection Fee and authorizes the commissioners court of the county to charge a court fee for each divorce case filed. This fund may be used by the commissioner’s court of the county only to fund a service provider located in that county or an adjacent county. A service provider may provide family violence and child abuse prevention, intervention, family strengthening, mental health, and counseling, legal, and marriage preservation services to families that are at risk of experiencing or that have experienced family violence or the abuse or neglect of a child.

CPS – SPECIAL REVENUE CONTRACTS - This fund was established through the Pasadena Independent School District - Texas Education Agency grant – Collaborative Dropout Reduction Program contract. This contract allows for the funding of program salaries.

UTILITY BILL ASSISTANCE PROGRAM - This fund was established through contracts with energy companies. The companies provide funds to assist with utility payments for qualified customers.

PROBATE COURT SUPPORT - This fund was established in accordance with Section 51.704 of the Texas Government Code, which requires the clerks of statutory probate courts to collect a “filing fee in each probate, guardianship, mental health, or civil case filed in the court.” These funds are to be used only for the support of statutory probate courts in the County.

APPELLATE JUDICIAL SYSTEM - This fund is authorized under the Texas Government Code Sections 22.2021, 22.2031 and 22.2061 and provides for a court fee for each civil suit filed in county court, statutory county court, probate court, or district court in the county to be used for expenditures by the courts of appeals for the court of appeals district courts.

COUNTY ATTORNEY ADMINISTRATION – This fund was established in accordance with Section 284.2032 of the Texas Transportation Code which allows a county with a population of 3.3 million or more to impose an administrative charge in association with collecting a toll or charge for each event of nonpayment of a required toll or charge imposed under Section 284.069 of the Texas Transportation Code. The fees collected for this charge are to be administered by the County Attorney and may be used only to defray the salaries and expenses of the County Attorney’s office, but not to supplement the County Attorney’s salary.

DISTRICT ATTORNEY ADMINISTRATION – This fund is authorized under Texas Code of Criminal Procedures Chapter 59 under Article 18.18, related to confiscated gambling proceeds and Chapter 102 under Articles 102.007(a)(2)(b), 102.007(a)(2)(e) and 102.007(a)(2)(f), related to fees for writing a worthless check (hot check). Confiscated gambling proceeds are available to the District Attorney for use in investigating alleged violations of the Penal Code. Fees collected in connection with processing hot checks may only be used to defray the salaries and expenses of the prosecutor’s office.

JUSTICE COURT COURTHOUSE SECURITY - This fund was established in accordance with the Texas Government Code 291.008 and Texas Code of Criminal Procedure 102.017 and requires a defendant convicted of a misdemeanor offense in a justice court shall pay a security fee as a cost of court. Fees collected are to be used to provide security, services, and items for a justice court located in a building that is not the county courthouse.

RECORDS MANAGEMENT - This fund is authorized under Texas Code of Criminal Procedures Chapter 102, Local Government Code Chapter 118 and Texas Government Code Chapter 51 to account for fees collected for records management and preservation services when documents are filed in the offices of the court clerks.

DONATION FUND - This fund is used to account for outside cash donations accepted by Commissioners Court for designated purposes / programs including Senior Citizen Programs and DARE. Expenditures are made in accordance with designations.

JUSTICE COURT TECHNOLOGY - This fund was established in accordance with the Texas Code of Criminal Procedure, Article 102.0173, and justice court technology fee paid by defendants convicted of misdemeanor offenses in a justice court. The funds are to be used for the purchase and maintenance of technological enhancements for a justice court and continuing education and training for enhancement for a justice court.

CHILD ABUSE PREVENTION - This fund is authorized by Senate Bill 6, and the Texas Code of Criminal Procedure, Article 102.0186 and allows the clerks of the respective courts to collect a fee for every person convicted of certain offenses against children. The funds may be used to fund child abuse prevention programs in the county where the court is located.

JUVENILE CASE MANAGER FEE - This fund was authorized under Texas Code of Criminal Procedure, Article 102.0174 and provides for a fee to be assessed to defendants convicted of fine-only misdemeanor offenses in a justice court, county court, or county court at law. The funds may only be used for the salary and benefits of a juvenile case manager.

TAX ASSESSOR CHAPTER 19 – This fund was established in accordance with Chapter 19 of the Texas Election Code for purposes of aiding counties with financing voter registration. Funds disbursed under this chapter may be used only to defray expenses of the registrar’s office in connection with voter registration.

STAR DRUG COURTS - This fund was created in accordance with Texas Code of Criminal Procedures 102.0178 and provides for a fee to be assessed for certain intoxication and drug convictions. The funds are to be used exclusively for the development and maintenance of drug court programs operated within the County.

COUNTY & DISTRICT TECHNOLOGY FEE – This fund was established in accordance with the Texas Code of Criminal Procedure, Article 102.0169, for purposes of financing continuing education and training for county court, statutory county court, or district court judges and clerks regarding technological enhancements and purchases and maintenance of technological enhancements including computer systems, networks, hardware, software, imaging systems, electronic kiosks, and docket management systems.

STORMWATER MANAGEMENT - This fund was established in accordance with Chapter 573 of the Texas Local Government Code and allows for the assessing of reasonable charges to fund the implementation, administration, and operation of the stormwater permitting program as necessary to comply with federal or state program requirements.

DA DWI PRE-TRIAL INTERVENTION PROGRAM - This fund was created in accordance with Texas Code of Criminal Procedures Article 102.0121 to account for a fee to reimburse the county for expenses related to a defendant’s participation in a pretrial intervention program offered by the county. The funds must be used for expenditures related to pretrial intervention programs.

GULF OF MEXICO ENERGY SECURITY ACT - These funds were established to implement the provisions of the US Minerals Management Service (MMS). The MMS under the Gulf of Mexico Energy Security Act of 2006 distributes revenues to coastal producing states from the Outer Continental Shelf lease in Planning Area 181 Eastern and South Zones. These funds are to be used in projects and activities for the purpose of coastal conservation, coastal restoration, hurricane protection and infrastructure directly affected by coastal wetland losses.

ENVIRONMENTAL PROJECTS - This fund was established to account for donations and monies received under the terms of court settlements involving restitution for pollution violations (Federal, State, and or Local laws)

enforced by the County, restitution for pollution violations enforced by the Texas Commission on Environmental Quality, court settlements involving Household Hazardous Waste violations, and court orders of which the defendant volunteer to contribute to the Victim's Right Division of the District Attorney's Office. Funds are primarily used for cleanup, preservation, and related purposes.

COMMUNITY DEVELOPMENT FINANCIAL SURETIES – This fund was established in accordance with Texas Local Government Code 232.004, to account for forfeited engineering fees charged to Residential Commercial Subdivision Developers when the County performs the repairs. Expenditures are for the required repairs.

ELECTION SERVICES - This fund was established pursuant to Texas Election Code 31.1 and 271 for purposes of defraying expenses of the County Clerk's Office in conducting Harris County elections.

LAW ENFORCEMENT FORFEITED FUND - This fund was established to account for transactions associated with the various asset forfeiture programs pursuant to the Federal Comprehensive Crime Control Act of 1984, Texas Code of Criminal Procedure Chapter 59, Texas Code of Criminal Procedure Chapter 18, and Guide to Equitable Sharing for Foreign Counties and Federal, State, and Local Law Enforcement Agencies. Expenditures are for law enforcement purposes and are further defined by the statutes associated with the source of the forfeited funds.

CRIMINAL COURTS AUDIO/VISUAL - This fund was established in accordance with Texas Code of Criminal Procedure Chapter 59, to be used to upgrade audio-visual equipment in the District and County criminal courts.

MEDICAID ADMINISTRATIVE CLAIM-REIMBURSEMENT - This fund is used to account for the receipt of Medicaid Administrative Claim reimbursements and the associated expenditures for health related services for clients. These funds are authorized under the Medicaid State Plan under Title XIX of the Social Security Act.

DISPUTE RESOLUTION - This fund was established in accordance with Section 152.004 of the Texas Civil Practice and Remedies Code and is used to account for fees assessed on cases to fund an alternative system for the peaceable and expeditious resolution of citizen disputes not requiring formal court action.

FIRE CODE FEE - This fund is authorized under Texas Local Government Code 233.065, to account for the fees for issuance of a building permit for the administration and enforcement of the fire code. Fees may be used only for the administration and enforcement of the fire code.

LEOSE-LAW ENFORCEMENT - This fund was established under the Texas Administrative Code, Title 37, Part 7 for purposes of accounting for state monies to law enforcement agencies utilized for the continuing education of law enforcement personnel.

LIBRARY CONTRIBUTION FUND - This fund accounts for revenues from donations / contributions made to the Harris County Library. Many of these donations are from "Friends of the Library" groups that are active in raising funds for their respective library branches through book sales and other activities based on concession agreements approved by Commissioners Court. The funds are used for library related expenditures.

JUVENILE PROBATION FEE - This fund was established pursuant to Sections 54.061 and 54.0411 of the Texas Family Code to account for the fees charged while a juvenile is on probation. The fees may be used only for juvenile probation or community based juvenile corrections services or facilities.

FOOD PERMIT FEE - This fund was established pursuant to Sections 437.003 and 437.0123 of the Texas Health and Safety Code to account for the fees associated with issuing food permits and enforcing the associating statutory provisions. The fees may be used for reviewing and acting on a permit, amending and renewing a permit, and inspecting a facility for the purpose of issuing a food permit.

COURT REPORTER SERVICE - This fund was established in accordance with Section 51.601 of the Texas Government Code and allows for a fee for each new case filed in a court that has an official court reporter. These fees may be used to assist in the payment of court reporter related services.

JUVENILE DELINQUENCY PREVENTION - This fund was established pursuant to the Texas Code of Criminal Procedure 102.0171 and accounts for fees charged when a child is adjudicated for graffiti-related offenses. These fees are restricted to be used for graffiti eradication.

SUPPLEMENTAL GUARDIANSHIP - This fund was established under Sections 118.052 and 118.067 of the Texas Local Government Code which allows for a supplemental court-initiated guardianship fee charged for a probate original action. These fees may be used only to supplement other county funds used to pay the compensation of a guardian ad litem, pay the compensation of an attorney ad litem, and or fund local guardianship programs that provide guardians for indigent incapacitated persons who do not have family members suitable and willing to serve as guardians.

COURTHOUSE SECURITY - This fund was authorized under Texas Local Government Code 291.008 and Texas Code of Criminal Procedure 102.017 to account for fees collected and expended for purposes of defraying the costs of courthouse security.

LAW LIBRARY - This fund was established under the authority of Section 323.023 of the Texas Local Government Code, to account for fees assessed for each civil case filed in County and District Courts of Harris County. The funds are to be used for purchasing or leasing law library materials or acquiring equipment, including computers, software, subscriptions to obtain access to electronic research networks for use by judges in the County.

TIRZ AFFORDABLE HOUSING / OTHER RESTRICTED FUNDS - This fund was established in accordance with Section 311.011 of the Texas Tax Code to account for Tax Increment Reinvestment Zone (TIRZ) related activity including the establishment of affordable housing; the revitalization and redevelopment of unproductive, underproductive or blighted areas and other restricted revenues and expenditures defined in the associated interlocal agreements.

HARRIS COUNTY REDEVELOPMENT AUTHORITY – This fund is used to account for all revenues and expenditures relating to the general operations of the Harris County Redevelopment Authority (Authority). The Authority is a local government corporation created by Commissioners Court for the purposes of administering certain economic development programs on behalf of the County, including administering, managing, and operating tax increment improvement districts.

HARRIS COUNTY JUVENILE BOARD – This fund was established to account for juvenile probation services fund by the Texas Juvenile Justice Department. The funds may only be used for juvenile probation or community based juvenile corrections services or facilities.

FLOOD CONTROL GRANTS - These funds were established to account for grant programs applicable to the Harris County Flood Control District.

GRANTS - These funds were established to account for grant programs applicable to the County.

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2014

	Flood Control	Sports & Convention Corporation	Hotel Occupancy Tax Revenue	District Court Records Archive	Port Security Program	Healthcare Alliance
ASSETS						
Cash and cash equivalents	\$ 38,790,602	\$ 8,748,557	\$ 3,479,667	\$ 79,973	\$ -	\$ -
Investments	85,382,979	-	3,437,901	70,812	-	-
Receivables:						
Taxes, net	4,622,659	-	-	-	-	-
Accounts, net	-	9,910,610	-	-	91,326	-
Accrued interest	217,379	8,134,272	3,016	62	-	-
Other	66,302	-	8,884,016	-	8,092	-
Due from other funds	3,152,458	76,375	-	-	-	-
Prepays and other assets	121,509	85,794	274,194	-	-	-
Inventories	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	98,596	653,098	-	-	-	-
Restricted investments	-	12,000,000	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 132,452,484</u>	<u>\$ 39,608,706</u>	<u>\$ 16,078,794</u>	<u>\$ 150,847</u>	<u>\$ 99,418</u>	<u>\$ -</u>
LIABILITIES						
Vouchers payable	\$ 3,692,649	\$ 514,274	\$ 2,482,247	\$ -	\$ 20,118	\$ -
Accrued payroll and compensated absences	1,340,108	32,950	-	27,537	4,203	-
Retainage payable	257,706	-	-	-	-	-
Due to other funds	49,584	338,640	74,365	-	91,035	-
Due to other units	13,099	-	-	-	-	-
Advances from other funds	-	12,000,000	-	-	-	-
Unearned revenue	1,500	4,867,504	-	-	-	-
Total liabilities	<u>5,354,646</u>	<u>17,753,368</u>	<u>2,556,612</u>	<u>27,537</u>	<u>115,356</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	2,238,356	-	-	-	-	-
Unavailable revenue - other	-	4,953,115	6,251,685	-	10,088	-
Total deferred inflows of resources	<u>2,238,356</u>	<u>4,953,115</u>	<u>6,251,685</u>	<u>-</u>	<u>10,088</u>	<u>-</u>
FUND BALANCES						
Nonspendable	121,509	85,794	274,194	-	-	-
Restricted	124,737,973	16,816,429	6,996,303	123,310	-	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	(26,026)	-
Total fund balances	<u>124,859,482</u>	<u>16,902,223</u>	<u>7,270,497</u>	<u>123,310</u>	<u>(26,026)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 132,452,484</u>	<u>\$ 39,608,706</u>	<u>\$ 16,078,794</u>	<u>\$ 150,847</u>	<u>\$ 99,418</u>	<u>\$ -</u>

(continued)

Deed Restriction Enforcement	Concession Fee	Care for Elders	Child Support Enforcement	Family Protection	CPS-Special Revenue Contracts	Utility Bill Assistance Program
\$ 9,389	\$ 265,468	\$ 36,480	\$ 73,298	\$ 47,681	\$ 379	\$ 95,576
8,262	234,465	-	64,911	43,667	-	90,481
-	-	-	-	-	-	-
-	166,500	-	-	-	-	-
7	205	-	56	38	-	80
-	-	-	10,576	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 17,658</u>	<u>\$ 666,638</u>	<u>\$ 36,480</u>	<u>\$ 148,841</u>	<u>\$ 91,386</u>	<u>\$ 379</u>	<u>\$ 186,137</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,188	\$ -	\$ 9,271
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	255	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	255	-	9,188	-	9,271
-	-	-	-	-	-	-
-	166,000	-	-	-	-	-
-	166,000	-	-	-	-	-
-	-	-	-	-	-	-
17,658	500,638	36,225	148,841	82,198	379	-
-	-	-	-	-	-	176,866
-	-	-	-	-	-	-
<u>17,658</u>	<u>500,638</u>	<u>36,225</u>	<u>148,841</u>	<u>82,198</u>	<u>379</u>	<u>176,866</u>
<u>\$ 17,658</u>	<u>\$ 666,638</u>	<u>\$ 36,480</u>	<u>\$ 148,841</u>	<u>\$ 91,386</u>	<u>\$ 379</u>	<u>\$ 186,137</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2014

	Probate Court Support	Appellate Judicial System	County Attorney Administration	District Attorney Administration	Justice Court Courthouse Security	Records Management
ASSETS						
Cash and cash equivalents	\$ 265,692	\$ 104,209	\$ 250,102	\$ 1,770,242	\$ 550,613	\$ 11,522,718
Investments	238,792	99,136	253,741	5,185,970	485,453	10,195,291
Receivables:						
Taxes, net	-	-	-	-	-	-
Accounts, net	-	-	117,269	-	-	-
Accrued interest	210	87	223	2,656	426	8,944
Other	-	147,504	-	20,069	-	39
Due from other funds	-	-	-	-	-	-
Prepays and other assets	74	-	-	-	-	254,469
Inventories	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 504,768</u>	<u>\$ 350,936</u>	<u>\$ 621,335</u>	<u>\$ 6,978,937</u>	<u>\$ 1,036,492</u>	<u>\$ 21,981,461</u>
LIABILITIES						
Vouchers payable	\$ 2,662	\$ 5,070	\$ 165,084	\$ 16,983	\$ -	\$ 185,227
Accrued payroll and compensated absences	-	-	497	-	-	65,129
Retainage payable	-	-	9,411	-	-	-
Due to other funds	-	6	2,498	2,140	-	-
Due to other units	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>2,662</u>	<u>5,076</u>	<u>177,490</u>	<u>19,123</u>	<u>-</u>	<u>250,356</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Unavailable revenue - other	-	147,504	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>147,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	74	-	-	-	-	254,469
Restricted	502,032	198,356	443,845	6,959,814	1,036,492	21,476,636
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>502,106</u>	<u>198,356</u>	<u>443,845</u>	<u>6,959,814</u>	<u>1,036,492</u>	<u>21,731,105</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 504,768</u>	<u>\$ 350,936</u>	<u>\$ 621,335</u>	<u>\$ 6,978,937</u>	<u>\$ 1,036,492</u>	<u>\$ 21,981,461</u>

(continued)

Donation Fund	Justice Court Techonology	Child Abuse Prevention	Juvenile Case Manager Fee	Tax Assessor Chapter 19	Star Drug Court
\$ 671,230	\$ 1,711,328	\$ 32,245	\$ 1,903,128	\$ 21,028	\$ 858,498
592,457	1,509,466	28,718	1,678,234	-	756,897
-	-	-	-	-	-
-	-	-	-	-	-
520	1,324	25	1,472	-	664
-	-	124	-	-	-
-	-	-	-	-	-
-	5,497	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,264,207</u>	<u>\$ 3,227,615</u>	<u>\$ 61,112</u>	<u>\$ 3,582,834</u>	<u>\$ 21,028</u>	<u>\$ 1,616,059</u>
\$ 202,221	\$ 3,675	\$ -	\$ 1,246	\$ -	\$ 624
-	-	-	44,862	-	-
-	-	-	-	-	-
-	-	-	9	61,371	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>202,221</u>	<u>3,675</u>	<u>-</u>	<u>46,117</u>	<u>61,371</u>	<u>624</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,497	-	-	-	-
1,061,986	3,218,443	61,112	3,536,717	-	1,615,435
-	-	-	-	-	-
-	-	-	-	(40,343)	-
<u>1,061,986</u>	<u>3,223,940</u>	<u>61,112</u>	<u>3,536,717</u>	<u>(40,343)</u>	<u>1,615,435</u>
<u>\$ 1,264,207</u>	<u>\$ 3,227,615</u>	<u>\$ 61,112</u>	<u>\$ 3,582,834</u>	<u>\$ 21,028</u>	<u>\$ 1,616,059</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2014

	County & District Technology Fee	Stormwater Management	DA DWI Pre-Trial Prevention Program	Gulf of Mexico Energy Security Act	Environmental Projects	Community Development Financial Sureties
ASSETS						
Cash and cash equivalents	\$ 148,941	\$ 58,839	\$ 186,032	\$ 66,933	\$ 609,734	\$ 456,124
Investments	131,395	51,928	164,047	59,010	113,298	402,052
Receivables:						
Taxes, net	-	-	-	-	-	-
Accounts, net	-	-	-	-	-	-
Accrued interest	115	46	144	51	99	353
Other	1,075	-	1,170	-	-	-
Due from other funds	-	-	-	-	-	-
Prepays and other assets	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 281,526</u>	<u>\$ 110,813</u>	<u>\$ 351,393</u>	<u>\$ 125,994</u>	<u>\$ 723,131</u>	<u>\$ 858,529</u>
LIABILITIES						
Vouchers payable	\$ -	\$ 14	\$ -	\$ -	\$ 182	\$ 12,742
Accrued payroll and compensated absences	-	-	8,110	-	-	-
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other units	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>14</u>	<u>8,110</u>	<u>-</u>	<u>182</u>	<u>12,742</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Unavailable revenue - other	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	281,526	-	343,283	125,994	722,949	-
Committed	-	110,799	-	-	-	845,787
Unassigned	-	-	-	-	-	-
Total fund balances	<u>281,526</u>	<u>110,799</u>	<u>343,283</u>	<u>125,994</u>	<u>722,949</u>	<u>845,787</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 281,526</u>	<u>\$ 110,813</u>	<u>\$ 351,393</u>	<u>\$ 125,994</u>	<u>\$ 723,131</u>	<u>\$ 858,529</u>

(continued)

Election Services	Law Enforcement Forfeited Fund	Criminal Courts Audio/Visual	Medicaid Administrative Claim-Reimburse	Dispute Resolution	Fire Code Fee	LEOSE-Law Enforcement
\$ 587,063	\$ 12,087,006	\$ 30,816	\$ 647,842	\$ 75,940	\$ 2,175,751	\$ 207,654
518,498	6,252,810	27,538	581,835	104,250	1,922,140	183,717
-	-	-	-	-	-	-
225,260	-	-	475,941	-	7,439	-
455	4,629	24	510	92	1,686	161
-	62,024	-	176,654	-	-	-
-	74,463	-	-	-	-	-
-	29,695	-	29	-	5,074	293
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,331,276</u>	<u>\$ 18,510,627</u>	<u>\$ 58,378</u>	<u>\$ 1,882,811</u>	<u>\$ 180,282</u>	<u>\$ 4,112,090</u>	<u>\$ 391,825</u>
\$ -	\$ 1,879,026	\$ -	\$ 25,199	\$ 91,231	\$ 79,315	\$ 18
-	-	-	-	-	122,726	-
-	-	-	-	-	-	-
-	146,151	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,025,177	-	25,199	91,231	202,041	18
-	-	-	-	-	-	-
20,599	-	-	652,594	-	-	-
<u>20,599</u>	<u>-</u>	<u>-</u>	<u>652,594</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	29,695	-	29	-	5,074	293
1,310,677	16,455,755	58,378	1,204,989	89,051	3,904,975	391,514
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,310,677</u>	<u>16,485,450</u>	<u>58,378</u>	<u>1,205,018</u>	<u>89,051</u>	<u>3,910,049</u>	<u>391,807</u>
<u>\$ 1,331,276</u>	<u>\$ 18,510,627</u>	<u>\$ 58,378</u>	<u>\$ 1,882,811</u>	<u>\$ 180,282</u>	<u>\$ 4,112,090</u>	<u>\$ 391,825</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2014

	Library Contribution Fund	Juvenile Probation Fee	Food Permit Fee	Court Reporter Service	Juvenile Delinquency Prevention	Supplemental Guardianship
ASSETS						
Cash and cash equivalents	\$ 246,482	\$ 109,855	\$ 200,688	\$ 247,092	\$ 589	\$ 100,361
Investments	228,957	-	177,816	217,942	787	88,515
Receivables:						
Taxes, net	-	-	-	-	-	-
Accounts, net	-	105	-	-	-	-
Accrued interest	201	-	156	191	1	78
Other	25	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepays and other assets	6,532	-	-	-	-	-
Inventories	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 482,197</u>	<u>\$ 109,960</u>	<u>\$ 378,660</u>	<u>\$ 465,225</u>	<u>\$ 1,377</u>	<u>\$ 188,954</u>
LIABILITIES						
Vouchers payable	\$ 18,866	\$ 15,975	\$ 24,496	\$ 2,989	\$ -	\$ -
Accrued payroll and compensated absences	-	-	31,563	-	-	-
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other units	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>18,866</u>	<u>15,975</u>	<u>56,059</u>	<u>2,989</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Unavailable revenue - other	-	105	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	6,532	-	-	-	-	-
Restricted	456,799	93,880	322,601	462,236	1,377	188,954
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>463,331</u>	<u>93,880</u>	<u>322,601</u>	<u>462,236</u>	<u>1,377</u>	<u>188,954</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 482,197</u>	<u>\$ 109,960</u>	<u>\$ 378,660</u>	<u>\$ 465,225</u>	<u>\$ 1,377</u>	<u>\$ 188,954</u>

(continued)

Courthouse Security	Law Library	TIRZ Affordable Housing / Other Restricted Funds	Harris County Redevelopment Authority	Harris County Juvenile Board	Flood Control Grants	Grants	Total
\$ 178,093	\$ 153,095	\$ 2,809,782	\$ 90,989	\$ 12,100,035	\$ 22,352	\$ 2,234,604	\$ 107,120,795
158,146	265,543	2,484,305	-	999,856	-	1,693,577	127,185,595
-	-	-	-	-	-	-	4,622,659
-	2	20,900	152,963	5,784	2,202,022	38,553,826	51,929,947
139	233	2,179	-	-	-	1,486	8,384,695
965	-	261,357	-	23,561	1,291,424	35,801,537	46,756,514
-	-	-	-	-	61,541	37,418	3,402,255
-	585	14,645	-	-	192,534	192,355	1,183,279
-	-	-	-	-	-	3,171,097	3,171,097
-	-	651,000	-	-	-	-	651,000
-	-	-	-	-	-	-	751,694
-	-	-	-	-	-	-	12,000,000
-	-	297,402	-	-	-	204,546	501,948
<u>\$ 337,343</u>	<u>\$ 419,458</u>	<u>\$ 6,541,570</u>	<u>\$ 243,952</u>	<u>\$ 13,129,236</u>	<u>\$ 3,769,873</u>	<u>\$ 81,890,446</u>	<u>\$ 367,661,478</u>
\$ 259,271	\$ 16,560	\$ 420,638	\$ 439,810	\$ 714,352	\$ 148,807	\$ 14,858,582	\$ 26,318,612
-	45,644	-	-	1,001,779	-	2,203,667	4,928,775
-	-	-	-	-	181,838	1,678,462	2,127,417
-	-	-	19,120	3,480	3,439,228	56,522,007	60,749,889
-	-	-	124,282	8,407	-	-	145,788
-	-	327,500	-	-	-	363,500	12,691,000
-	-	219,384	-	11,401,218	-	5,784,615	22,274,221
<u>259,271</u>	<u>62,204</u>	<u>967,522</u>	<u>583,212</u>	<u>13,129,236</u>	<u>3,769,873</u>	<u>81,410,833</u>	<u>129,235,702</u>
-	-	-	-	-	-	-	2,238,356
-	2	17,259	152,963	-	-	-	12,371,914
-	<u>2</u>	<u>17,259</u>	<u>152,963</u>	-	-	-	<u>14,610,270</u>
-	585	665,645	-	-	-	-	1,449,390
78,072	356,667	4,891,144	-	-	-	479,613	221,791,256
-	-	-	-	-	-	-	1,133,452
-	-	-	(492,223)	-	-	-	(558,592)
<u>78,072</u>	<u>357,252</u>	<u>5,556,789</u>	<u>(492,223)</u>	-	-	<u>479,613</u>	<u>223,815,506</u>
<u>\$ 337,343</u>	<u>\$ 419,458</u>	<u>\$ 6,541,570</u>	<u>\$ 243,952</u>	<u>\$ 13,129,236</u>	<u>\$ 3,769,873</u>	<u>\$ 81,890,446</u>	<u>\$ 367,661,478</u>

(concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2014

	Flood Control	Sports and Convention Corporation	Hotel Occupancy Tax Revenue	District Court Records Archive	Port Security Program	Healthcare Alliance
REVENUES						
Taxes	\$ 78,565,904	\$ -	\$ 35,656,559	\$ -	\$ -	\$ -
Charges for services	-	-	4,861	326,653	-	-
Lease revenue	248,792	-	1	-	-	-
Intergovernmental	60,000	3,524,842	-	-	2,058,509	3,980
Earnings on investments	65,291	2,639	8,079	272	-	-
Miscellaneous	466,850	10,163,042	1,595,493	-	179,854	480
Total revenues	<u>79,406,837</u>	<u>13,690,523</u>	<u>37,264,993</u>	<u>326,925</u>	<u>2,238,363</u>	<u>4,460</u>
EXPENDITURES						
Current operating:						
Administration of justice	-	-	-	416,934	358,256	-
Parks	-	26,499,391	-	-	-	-
County administration	-	-	21,469,973	-	1,731,829	-
Health and human services	-	-	-	-	-	42
Flood control	54,149,124	-	-	-	-	-
Tax administration	631,147	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-
Capital outlay	557,770	80,597	-	-	211,283	-
Total expenditures	<u>55,338,041</u>	<u>26,579,988</u>	<u>21,469,973</u>	<u>416,934</u>	<u>2,301,368</u>	<u>42</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,068,796</u>	<u>(12,889,465)</u>	<u>15,795,020</u>	<u>(90,009)</u>	<u>(63,005)</u>	<u>4,418</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	146,477	-	-	-	-	-
Transfers out	(25,000,000)	(914,151)	(13,093,063)	-	-	-
Proceeds from loan	-	14,983,156	-	-	-	-
Proceeds from insurance recoveries	-	266,849	-	-	-	-
Sale of capital assets	98,729	-	-	-	-	-
Total other financial sources (uses)	<u>(24,754,794)</u>	<u>14,335,854</u>	<u>(13,093,063)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(685,998)	1,446,389	2,701,957	(90,009)	(63,005)	4,418
Fund balances, beginning	125,545,480	15,455,834	4,568,540	213,319	36,979	(4,418)
Fund balances, ending	<u>\$ 124,859,482</u>	<u>\$ 16,902,223</u>	<u>\$ 7,270,497</u>	<u>\$ 123,310</u>	<u>\$ (26,026)</u>	<u>\$ -</u>

(continued)

Deed Restriction Enforcement	Concession Fee	Care for Elders	Child Support Enforcement	Family Protection	CPS-Special Revenue Contracts	Utility Bill Assistance Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,050	-	-	-	283,123	-	-
-	499,386	-	-	-	-	-
-	-	-	78,956	-	21,400	5,602
39	1,252	3	342	248	-	721
-	-	118,750	-	18	-	397,120
<u>4,089</u>	<u>500,638</u>	<u>118,753</u>	<u>79,298</u>	<u>283,389</u>	<u>21,400</u>	<u>403,443</u>
-	-	-	-	41,565	-	-
-	-	-	-	-	-	-
-	-	-	-	30,870	-	-
-	-	82,528	-	189,042	16,503	323,084
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>82,528</u>	<u>-</u>	<u>261,477</u>	<u>16,503</u>	<u>323,084</u>
<u>4,089</u>	<u>500,638</u>	<u>36,225</u>	<u>79,298</u>	<u>21,912</u>	<u>4,897</u>	<u>80,359</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	(11,400)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,400)</u>
<u>4,089</u>	<u>500,638</u>	<u>36,225</u>	<u>79,298</u>	<u>21,912</u>	<u>4,897</u>	<u>68,959</u>
<u>13,569</u>	<u>-</u>	<u>-</u>	<u>69,543</u>	<u>60,286</u>	<u>(4,518)</u>	<u>107,907</u>
<u>\$ 17,658</u>	<u>\$ 500,638</u>	<u>\$ 36,225</u>	<u>\$ 148,841</u>	<u>\$ 82,198</u>	<u>\$ 379</u>	<u>\$ 176,866</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2014

	Probate Court Support	Appellate Judicial System	County Attorney Administration	District Attorney Administration	Justice Court Courthouse Security	Records Management
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	387,005	1,255,897	129,248	188,426	9,609,094
Lease revenue	-	-	-	-	-	-
Intergovernmental	349,072	-	-	-	-	-
Earnings on investments	961	409	1,270	22,593	2,224	48,866
Miscellaneous	2,430	158,660	50,000	476,427	-	50
Total revenues	<u>352,463</u>	<u>546,074</u>	<u>1,307,167</u>	<u>628,268</u>	<u>190,650</u>	<u>9,658,010</u>
EXPENDITURES						
Current operating:						
Administration of justice	-	475,068	-	786,189	-	1,491,220
Parks	-	-	-	-	-	-
County administration	289,991	-	1,031,096	-	4,228	3,335,155
Health and human services	-	-	-	-	-	-
Flood control	-	-	-	-	-	-
Tax administration	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-
Capital outlay	-	-	10,998	-	-	1,524,823
Total expenditures	<u>289,991</u>	<u>475,068</u>	<u>1,042,094</u>	<u>786,189</u>	<u>4,228</u>	<u>6,351,198</u>
Excess (deficiency) of revenues over (under) expenditures	<u>62,472</u>	<u>71,006</u>	<u>265,073</u>	<u>(157,921)</u>	<u>186,422</u>	<u>3,306,812</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(34,040)	-	-
Proceeds from loan	-	-	-	-	-	-
Proceeds from insurance recoveries	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,040)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	62,472	71,006	265,073	(191,961)	186,422	3,306,812
Fund balances, beginning	439,634	127,350	178,772	7,151,775	850,070	18,424,293
Fund balances, ending	<u>\$ 502,106</u>	<u>\$ 198,356</u>	<u>\$ 443,845</u>	<u>\$ 6,959,814</u>	<u>\$ 1,036,492</u>	<u>\$ 21,731,105</u>

(continued)

Donation Fund	Justice Court Technology	Child Abuse Prevention	Juvenile Case Manager Fee	Tax Assessor Chapter 19	Star Drug Court
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100	753,623	11,303	940,849	-	283,764
-	-	-	-	-	-
13,204	-	-	-	288,066	-
-	7,020	133	7,516	-	3,415
141,886	-	-	-	-	-
<u>155,190</u>	<u>760,643</u>	<u>11,436</u>	<u>948,365</u>	<u>288,066</u>	<u>287,179</u>
55,331	774,589	-	756,843	-	47,130
6,043	-	-	-	-	-
3,108	-	-	-	-	-
40,079	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	306,183	-
-	-	-	-	-	-
-	171,433	-	-	-	-
<u>104,561</u>	<u>946,022</u>	<u>-</u>	<u>756,843</u>	<u>306,183</u>	<u>47,130</u>
50,629	(185,379)	11,436	191,522	(18,117)	240,049
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>50,629</u>	<u>(185,379)</u>	<u>11,436</u>	<u>191,522</u>	<u>(18,117)</u>	<u>240,049</u>
1,011,357	3,409,319	49,676	3,345,195	(22,226)	1,375,386
<u>\$ 1,061,986</u>	<u>\$ 3,223,940</u>	<u>\$ 61,112</u>	<u>\$ 3,536,717</u>	<u>\$ (40,343)</u>	<u>\$ 1,615,435</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2014

	County & District Technology Fee	Stormwater Management	DA DWI Pre-Trial Prevention Program	Gulf of Mexico Energy Security Act	Environmental Projects	Community Development Financial Sureties
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	78,449	-	79,705	-	-	171,395
Lease revenue	-	-	-	-	-	-
Intergovernmental	-	41,839	-	1,388	-	-
Earnings on investments	633	206	626	260	518	1,728
Miscellaneous	-	-	-	-	145,594	-
Total revenues	<u>79,082</u>	<u>42,045</u>	<u>80,331</u>	<u>1,648</u>	<u>146,112</u>	<u>173,123</u>
EXPENDITURES						
Current operating:						
Administration of justice	-	-	130,751	-	-	-
Parks	-	-	-	-	-	-
County administration	-	71,471	-	-	77,000	-
Health and human services	-	-	-	-	26,261	-
Flood control	-	-	-	-	-	-
Tax administration	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	125,769
Capital outlay	-	-	-	-	24,100	-
Total expenditures	<u>-</u>	<u>71,471</u>	<u>130,751</u>	<u>-</u>	<u>127,361</u>	<u>125,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>79,082</u>	<u>(29,426)</u>	<u>(50,420)</u>	<u>1,648</u>	<u>18,751</u>	<u>47,354</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from loan	-	-	-	-	-	-
Proceeds from insurance recoveries	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	79,082	(29,426)	(50,420)	1,648	18,751	47,354
Fund balances, beginning	202,444	140,225	393,703	124,346	704,198	798,433
Fund balances, ending	<u>\$ 281,526</u>	<u>\$ 110,799</u>	<u>\$ 343,283</u>	<u>\$ 125,994</u>	<u>\$ 722,949</u>	<u>\$ 845,787</u>

(continued)

Election Services	Law Enforcement Forfeited Fund	Criminal Courts Audio/Visual	Medicaid Administrative Claim-Reimburse	Dispute Resolution	Fire Code Fee	LEOSE-Law Enforcement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	138,891	-	62,980	833,042	4,832,097	-
-	-	-	-	-	-	-
-	104,275	-	689,603	-	8,594	-
2,839	23,033	120	2,730	641	10,476	755
481,492	7,164,577	-	-	-	165	-
<u>484,331</u>	<u>7,430,776</u>	<u>120</u>	<u>755,313</u>	<u>833,683</u>	<u>4,851,332</u>	<u>755</u>
-	7,829,579	-	-	943,273	1,558,434	42,386
-	-	-	-	-	-	-
21,585	-	-	-	-	1,612,229	-
-	-	-	475,239	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	28,045	-
-	1,535,178	-	-	-	108,539	15,228
<u>21,585</u>	<u>9,364,757</u>	<u>-</u>	<u>475,239</u>	<u>943,273</u>	<u>3,307,247</u>	<u>57,614</u>
462,746	(1,933,981)	120	280,074	(109,590)	1,544,085	(56,859)
-	-	-	62,103	-	-	-
-	(43,210)	-	(38,763)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>(43,210)</u>	<u>-</u>	<u>23,340</u>	<u>-</u>	<u>-</u>	<u>-</u>
462,746	(1,977,191)	120	303,414	(109,590)	1,544,085	(56,859)
847,931	18,462,641	58,258	901,604	198,641	2,365,964	448,666
<u>\$ 1,310,677</u>	<u>\$ 16,485,450</u>	<u>\$ 58,378</u>	<u>\$ 1,205,018</u>	<u>\$ 89,051</u>	<u>\$ 3,910,049</u>	<u>\$ 391,807</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2014

	Library Donation Fund	Juvenile Probation Fee	Food Permit Fee	Court Reporter Services	Juvenile Delinquency Prevention	Supplemental Guardianship
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	114,672	1,833,430	1,153,620	456	177,300
Lease revenue	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Earnings on investments	1,282	-	989	2,228	4	441
Miscellaneous	449,287	-	-	10,934	-	-
Total revenues	<u>450,569</u>	<u>114,672</u>	<u>1,834,419</u>	<u>1,166,782</u>	<u>460</u>	<u>177,741</u>
EXPENDITURES						
Current operating:						
Administration of justice	-	33,061	-	829,622	-	-
Parks	-	-	-	-	-	-
County administration	-	-	-	-	-	-
Health and human services	320,887	-	1,759,247	-	-	73,346
Flood control	-	-	-	-	-	-
Tax administration	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>320,887</u>	<u>33,061</u>	<u>1,759,247</u>	<u>829,622</u>	<u>-</u>	<u>73,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>129,682</u>	<u>81,611</u>	<u>75,172</u>	<u>337,160</u>	<u>460</u>	<u>104,395</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from loan	-	-	-	-	-	-
Proceeds from insurance recoveries	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	129,682	81,611	75,172	337,160	460	104,395
Fund balances, beginning	333,649	12,269	247,429	125,076	917	84,559
Fund balances, ending	<u>\$ 463,331</u>	<u>\$ 93,880</u>	<u>\$ 322,601</u>	<u>\$ 462,236</u>	<u>\$ 1,377</u>	<u>\$ 188,954</u>

(continued)

Courthouse Security	Law Library	TIRZ Affordable Housing / Other Restricted Funds	Harris County Redevelopment Authority	Harris County Juvenile Board	Flood Control Grants	Grants	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,222,463
1,840,610	1,161,498	11,318	-	-	-	115,537	26,782,996
-	-	-	-	-	-	-	748,179
-	-	630,571	-	28,448,375	6,219,054	193,130,208	235,677,538
530	786	12,357	5	20,422	-	3,906	260,808
-	-	902,117	-	165	-	5,029,912	27,935,303
<u>1,841,140</u>	<u>1,162,284</u>	<u>1,556,363</u>	<u>5</u>	<u>28,468,962</u>	<u>6,219,054</u>	<u>198,279,563</u>	<u>405,627,287</u>
1,880,080	-	-	-	31,124,869	-	69,303,327	118,878,507
-	-	-	-	-	-	135,769	26,641,203
-	-	386	582,668	-	772,024	22,301,216	53,334,829
-	1,382,658	1,903,529	9,560	-	-	85,378,028	91,980,033
-	-	-	-	-	-	-	54,149,124
-	-	-	-	-	-	69,922	1,007,252
-	-	-	-	-	-	-	153,814
-	-	12,532	-	-	6,098,349	32,764,970	43,115,800
<u>1,880,080</u>	<u>1,382,658</u>	<u>1,916,447</u>	<u>592,228</u>	<u>31,124,869</u>	<u>6,870,373</u>	<u>209,953,232</u>	<u>389,260,562</u>
<u>(38,940)</u>	<u>(220,374)</u>	<u>(360,084)</u>	<u>(592,223)</u>	<u>(2,655,907)</u>	<u>(651,319)</u>	<u>(11,673,669)</u>	<u>16,366,725</u>
-	-	-	-	2,655,907	995,449	12,363,215	16,223,151
-	-	(40)	-	-	(344,130)	(703,586)	(40,182,383)
-	-	-	100,000	-	-	-	15,083,156
-	-	-	-	-	-	-	266,849
-	-	-	-	-	-	-	98,729
<u>-</u>	<u>-</u>	<u>(40)</u>	<u>100,000</u>	<u>2,655,907</u>	<u>651,319</u>	<u>11,659,629</u>	<u>(8,510,498)</u>
(38,940)	(220,374)	(360,124)	(492,223)	-	-	(14,040)	7,856,227
117,012	577,626	5,916,913	-	-	-	493,653	215,959,279
<u>\$ 78,072</u>	<u>\$ 357,252</u>	<u>\$ 5,556,789</u>	<u>\$ (492,223)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 479,613</u>	<u>\$ 223,815,506</u>

(concluded)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS-
SPECIAL REVENUE - GRANTS
February 28, 2014

	Federal Grant Programs	State and Local Grant Programs	Total
ASSETS			
Cash and cash equivalents	\$ 1,348,526	\$ 886,078	\$ 2,234,604
Investments	934,713	758,864	1,693,577
Accounts receivable	36,987,152	1,566,674	38,553,826
Accrued interest receivable	820	666	1,486
Other receivables	32,728,797	3,072,740	35,801,537
Due from other funds	35,375	2,043	37,418
Inventories	3,171,097	-	3,171,097
Prepays and other assets	191,689	666	192,355
Notes receivable	204,546	-	204,546
Total assets	<u>\$ 75,602,715</u>	<u>\$ 6,287,731</u>	<u>\$ 81,890,446</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Vouchers payable	\$ 14,183,909	\$ 674,673	\$ 14,858,582
Accrued payroll and compensated absences	1,349,410	854,257	2,203,667
Retainage payable	1,678,462	-	1,678,462
Due to other funds	55,081,082	1,440,925	56,522,007
Advances from other funds	338,500	25,000	363,500
Unearned revenue	2,491,739	3,292,876	5,784,615
Total liabilities	<u>75,123,102</u>	<u>6,287,731</u>	<u>81,410,833</u>
Fund Balances:			
Restricted	<u>479,613</u>	<u>-</u>	<u>479,613</u>
Total liabilities and fund balances	<u>\$ 75,602,715</u>	<u>\$ 6,287,731</u>	<u>\$ 81,890,446</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANTS
For The Year Ended February 28, 2014

	Federal Grant Programs	State and Local Grant Programs	Total
REVENUES			
Intergovernmental	\$ 175,039,135	\$ 18,091,073	\$ 193,130,208
Charges for services	59,171	56,366	115,537
Earnings on investments	652	3,254	3,906
Miscellaneous	2,880,215	2,149,697	5,029,912
Total revenues	<u>177,979,173</u>	<u>20,300,390</u>	<u>198,279,563</u>
EXPENDITURES			
Administration of justice	49,255,167	20,048,160	69,303,327
Parks	39,069	96,700	135,769
County administration	18,857,698	3,443,518	22,301,216
Health and human services	80,822,505	4,555,523	85,378,028
Tax administration	-	69,922	69,922
Capital outlay	32,527,097	237,873	32,764,970
	<u>181,501,536</u>	<u>28,451,696</u>	<u>209,953,232</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,522,363)</u>	<u>(8,151,306)</u>	<u>(11,673,669)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,735,452	8,627,763	12,363,215
Transfers out	(227,129)	(476,457)	(703,586)
Total transfers	<u>3,508,323</u>	<u>8,151,306</u>	<u>11,659,629</u>
Net changes in fund balances	(14,040)	-	(14,040)
Fund balances, beginning	<u>493,653</u>	<u>-</u>	<u>493,653</u>
Fund balances, ending	<u>\$ 479,613</u>	<u>\$ -</u>	<u>\$ 479,613</u>

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS
FEDERAL PROGRAMS
February 28, 2014

	Department of Department of Agriculture	Department of Housing and Urban Development	Department of Justice	Department of Transportation	Department of Homeland Security	Department of Health and Human Services	Other Federal Programs	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 868,913	\$ -	\$ -	\$ 479,613	\$ -	\$ 1,348,526
Investments	-	-	817,087	-	-	-	117,626	934,713
Accounts receivable	853,061	12,541,701	178,109	2,156,400	19,872,065	1,385,816	-	36,987,152
Accrued interest receivable	-	-	717	-	-	-	103	820
Other receivables	1,136,277	25,005,945	17,625	-	52,815	5,191,993	1,324,142	32,728,797
Due from other funds	-	-	29,470	255	-	-	5,650	35,375
Inventories	-	3,171,097	-	-	-	-	-	3,171,097
Prepays and other assets	5,381	117,000	5,877	-	35,049	28,382	-	191,689
Notes receivable	-	204,546	-	-	-	-	-	204,546
Total assets	<u>\$ 1,994,719</u>	<u>\$ 41,040,289</u>	<u>\$ 1,917,798</u>	<u>\$ 2,156,655</u>	<u>\$ 19,959,929</u>	<u>\$ 7,085,804</u>	<u>\$ 1,447,521</u>	<u>\$ 75,602,715</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers payable	\$ 62,346	\$ 6,492,792	\$ 173,407	\$ 563,442	\$ 1,823,421	\$ 4,136,433	\$ 932,068	\$ 14,183,909
Accrued payroll and compensated absences	382,746	341,376	85,066	171,143	50,912	309,211	8,956	1,349,410
Retainage payable	-	1,283,731	-	394,731	-	-	-	1,678,462
Due to other funds	1,549,627	32,399,159	-	658,591	17,807,065	2,160,547	506,093	55,081,082
Advances from other funds	-	338,500	-	-	-	-	-	338,500
Unearned revenue	-	184,731	1,659,325	368,748	278,531	-	404	2,491,739
Total liabilities	<u>1,994,719</u>	<u>41,040,289</u>	<u>1,917,798</u>	<u>2,156,655</u>	<u>19,959,929</u>	<u>6,606,191</u>	<u>1,447,521</u>	<u>75,123,102</u>
Fund balances	-	-	-	-	-	479,613	-	479,613
Total liabilities and fund balances	<u>\$ 1,994,719</u>	<u>\$ 41,040,289</u>	<u>\$ 1,917,798</u>	<u>\$ 2,156,655</u>	<u>\$ 19,959,929</u>	<u>\$ 7,085,804</u>	<u>\$ 1,447,521</u>	<u>\$ 75,602,715</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE-GRANTS-FEDERAL PROGRAMS
For the Year Ended February 28, 2014

	Department of Agriculture	Department of Housing and Urban Development	Department of Justice	Department of Transportation	Department of Homeland Security	Department of Health and Human	Other Federal	Total
REVENUES								
Intergovernmental	\$ 8,543,671	\$ 62,500,831	\$ 5,565,344	\$ 10,743,548	\$ 55,943,253	\$ 27,775,563	\$ 3,966,925	\$ 175,039,135
Charges for services	-	-	-	-	-	59,171	-	59,171
Earnings on investments	-	29	235	-	23	-	365	652
Miscellaneous	551	643,756	-	415,867	121,735	1,698,306	-	2,880,215
Total revenues	<u>8,544,222</u>	<u>63,144,616</u>	<u>5,565,579</u>	<u>11,159,415</u>	<u>56,065,011</u>	<u>29,533,040</u>	<u>3,967,290</u>	<u>177,979,173</u>
EXPENDITURES								
Administration of justice	-	-	5,410,717	3,119,830	39,370,478	303,743	1,050,399	49,255,167
Parks	-	-	-	-	-	-	39,069	39,069
County administration	-	-	-	7,904,293	7,851,286	447,679	2,654,440	18,857,698
Health and human services	8,513,898	41,137,367	-	1,636,717	398,845	29,062,549	73,129	80,822,505
Capital outlay	30,324	23,051,440	842,133	-	8,517,727	12,641	72,832	32,527,097
Total expenditures	<u>8,544,222</u>	<u>64,188,807</u>	<u>6,252,850</u>	<u>12,660,840</u>	<u>56,138,336</u>	<u>29,826,612</u>	<u>3,889,869</u>	<u>181,501,536</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(1,044,191)</u>	<u>(687,271)</u>	<u>(1,501,425)</u>	<u>(73,325)</u>	<u>(293,572)</u>	<u>77,421</u>	<u>(3,522,363)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	1,044,191	693,580	1,501,425	195,060	301,196	-	3,735,452
Transfers out	-	-	(6,309)	-	(121,735)	(21,664)	(77,421)	(227,129)
Total transfers	<u>-</u>	<u>1,044,191</u>	<u>687,271</u>	<u>1,501,425</u>	<u>73,325</u>	<u>279,532</u>	<u>(77,421)</u>	<u>3,508,323</u>
Net changes in fund balances	-	-	-	-	-	(14,040)	-	(14,040)
Fund balance, beginning	-	-	-	-	-	493,653	-	493,653
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 479,613</u>	<u>\$ -</u>	<u>\$ 479,613</u>

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
GRANTS - STATE AND LOCAL PROGRAMS
February 28, 2014

	Texas Department of Health	Criminal Justice Division Texas Governor's Office	Texas Department of Transportation	Texas Commission on Environmental Quality	Texas Office of Court Administration	Other State Programs	Local Grants	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 38,244	\$ 707,672	\$ -	\$ 77,404	\$ 62,758	\$ 886,078
Investments	-	-	38,160	618,421	-	46,421	55,862	758,864
Accounts receivable	130,241	19,818	119,119	-	324,728	132,180	840,588	1,566,674
Accrued interest receivable	-	-	33	543	-	41	49	666
Other receivables	409,855	131,924	61,002	1,859,248	346,565	73,929	190,217	3,072,740
Due from other funds	-	-	-	2,043	-	-	-	2,043
Prepays and other assets	-	-	-	-	-	-	666	666
Total assets	<u>\$ 540,096</u>	<u>\$ 151,742</u>	<u>\$ 256,558</u>	<u>\$ 3,187,927</u>	<u>\$ 671,293</u>	<u>\$ 329,975</u>	<u>\$ 1,150,140</u>	<u>\$ 6,287,731</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers payable	\$ 221,249	\$ 55,383	\$ 11,846	\$ 1,005	\$ 17,203	\$ 57,468	\$ 310,519	\$ 674,673
Accrued payroll and compensated absences	78,069	2,984	244,712	48,889	395,142	23,634	60,827	854,257
Due to other funds	240,778	93,375	-	27,446	258,948	147,309	673,069	1,440,925
Advances from other funds	-	-	-	-	-	25,000	-	25,000
Unearned revenue	-	-	-	3,110,587	-	76,564	105,725	3,292,876
Total liabilities	<u>540,096</u>	<u>151,742</u>	<u>256,558</u>	<u>3,187,927</u>	<u>671,293</u>	<u>329,975</u>	<u>1,150,140</u>	<u>6,287,731</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 540,096</u>	<u>\$ 151,742</u>	<u>\$ 256,558</u>	<u>\$ 3,187,927</u>	<u>\$ 671,293</u>	<u>\$ 329,975</u>	<u>\$ 1,150,140</u>	<u>\$ 6,287,731</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS - STATE AND LOCAL PROGRAMS
For The Year Ended February 28, 2014

	Texas Department of Health	Criminal Justice Division Texas Governor's Office	Texas Department of Transportation	Texas Department of Protective & Regulatory Services	Texas Office of Court Administration	Other State Programs	Local Grants	Total
REVENUES								
Intergovernmental	\$ 1,674,407	\$ 2,396,166	\$ 1,101,626	\$ 4,058,195	\$ 1,524,185	\$ 1,146,348	\$ 6,190,146	\$ 18,091,073
Charges for services	56,366	-	-	-	-	-	-	56,366
Earnings on investments	-	-	-	3,254	-	-	-	3,254
Miscellaneous	-	-	9,381	575	-	58,284	2,081,457	2,149,697
Total revenues	<u>1,730,773</u>	<u>2,396,166</u>	<u>1,111,007</u>	<u>4,062,024</u>	<u>1,524,185</u>	<u>1,204,632</u>	<u>8,271,603</u>	<u>20,300,390</u>
EXPENDITURES								
Administration of justice	27,000	2,293,602	2,862,939	846,699	7,929,011	23,182	6,065,727	20,048,160
Parks	-	-	-	-	-	35,900	60,800	96,700
County administration	-	-	-	3,339,530	-	-	103,988	3,443,518
Health and human services	1,846,705	-	-	-	-	620,769	2,088,049	4,555,523
Tax administration	-	-	69,922	-	-	-	-	69,922
Capital outlay	-	110,570	25,385	53,594	-	48,324	-	237,873
Total expenditures	<u>1,873,705</u>	<u>2,404,172</u>	<u>2,958,246</u>	<u>4,239,823</u>	<u>7,929,011</u>	<u>728,175</u>	<u>8,318,564</u>	<u>28,451,696</u>
Excess of revenues over (under) expenditures	<u>(142,932)</u>	<u>(8,006)</u>	<u>(1,847,239)</u>	<u>(177,799)</u>	<u>(6,404,826)</u>	<u>476,457</u>	<u>(46,961)</u>	<u>(8,151,306)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	142,932	8,006	1,847,239	177,799	6,404,826	-	46,961	8,627,763
Transfers out	-	-	-	-	-	(476,457)	-	(476,457)
Total transfers	<u>142,932</u>	<u>8,006</u>	<u>1,847,239</u>	<u>177,799</u>	<u>6,404,826</u>	<u>(476,457)</u>	<u>46,961</u>	<u>8,151,306</u>
Net changes in fund balances	-	-	-	-	-	-	-	-
Fund balance, beginning	-	-	-	-	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HARRIS COUNTY, TEXAS
SPECIAL REVENUE FUNDS**

**SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For The Year Ended February 28, 2014

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 213,611,170	\$ 215,683,192	\$ 211,297,764	\$ (4,385,428)
Revenues and Transfers In:				
Taxes	104,712,357	104,712,357	112,435,323	7,722,966
Charges for Services	23,892,847	24,001,198	26,515,763	2,514,565
Forfeitures	-	132,405	214,412	82,007
Lease revenue	851,481	857,281	914,179	56,898
Intergovernmental	915,520	4,236,785	4,516,197	279,412
Interest	1,040,059	1,043,730	889,510	(154,220)
Miscellaneous	1,567,152	2,541,674	12,111,108	9,569,434
Other - Transfers In	-	1,504,295	1,110,880	(393,415)
Total Revenues and Transfers In	<u>132,979,416</u>	<u>139,029,725</u>	<u>158,707,372</u>	<u>19,677,647</u>
Total Available Resources	<u>\$ 346,590,586</u>	<u>\$ 354,712,917</u>	<u>\$ 370,005,136</u>	<u>\$ 15,292,219</u>

HARRIS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Year Ended February 28, 2014

	Adopted Budget	Budget	Actual	(Over) Under
Flood Control				
Commercial Paper Series F - Flood Control	\$ 98,592	\$ 98,592	\$ -	\$ 98,592
Flood Control General Fund	205,836,345	205,836,345	81,177,995	124,658,350
Total Flood Control	205,934,937	205,934,937	81,177,995	124,756,942
Hotel Occupancy Tax	36,060,210	36,060,210	33,815,733	2,244,477
District Court Records Archive	641,737	641,737	423,482	218,255
Port Security Program	2,259,682	5,465,673	2,229,996	3,235,677
Healthcare Alliance	-	42	42	-
Deed Restriction Enforcement	19,496	19,496	-	19,496
Concession Fee	2,568,719	2,574,519	-	2,574,519
Care For Elders	-	118,750	82,529	36,221
Child Support Enforcement	84,861	84,861	-	84,861
Family Protection	366,973	366,973	256,828	110,145
CPS - Special Revenue Contracts	4,897	22,397	21,403	994
Utility Bill Assistance Program	89,635	479,237	325,213	154,024
Probate Court Support	813,976	813,976	301,582	512,394
Appellate Judicial System	647,314	647,314	476,945	170,369
County Attorney Administration	1,656,386	1,656,386	1,121,075	535,311
District Attorney Administration				
District Attorney Special Investigation	4,562,205	4,562,205	237,983	4,324,222
District Attorney Hot Check Depository	2,821,127	2,821,127	716,928	2,104,199
Total District Attorney Administration	7,383,332	7,383,332	954,911	6,428,421
Justice Court Courthouse Security	990,348	990,348	4,229	986,119
Records Management	26,665,454	26,665,454	6,287,379	20,378,075
Donation Fund	1,953,564	2,005,852	1,024,597	981,255
Juror Donation Programs	32,000	32,000	-	32,000
Total Donation Fund	1,985,564	2,037,852	1,024,597	1,013,255
Justice Court Technology	4,073,642	4,073,642	941,298	3,132,344
Child Abuse Prevention	62,727	62,727	-	62,727
Juvenile Case Manager Fee	4,270,202	4,270,202	788,125	3,482,077
Tax Office - Chapter 19	245,520	306,891	306,184	707
Star Drug Court	1,586,382	1,586,382	46,506	1,539,876
County & District Technology Fee	282,696	282,696	-	282,696
Stormwater Management Fund	138,885	138,885	72,959	65,926
DA DWI Pre-Trial Prevention Program	790,910	790,910	147,098	643,812
Gulf of Mexico Energy Security Act	124,875	124,875	-	124,875
Environmental Projects				
Household Hazardous Waste	8,530	28,030	19,500	8,530
Supplemental Environment	50,000	50,000	-	50,000
San Jacinto Wetlands Project	45,972	45,972	-	45,972
TCEQ - Pollution Control	221,163	281,078	107,866	173,212
EPH TCEQ SEP Fund	380,263	422,067	-	422,067
Total Environmental Projects	705,928	827,147	127,366	699,781
Community Development Financial Sureties	769,501	877,816	116,166	761,650
Election Services	1,464,150	1,464,150	21,585	1,442,565
Law Enforcement Forfeited Fund				
District Attorney Forfeited Assets - Treasury	8,679	8,679	8,404	275
District Attorney Forfeited Assets - Justice	243,703	243,703	13,540	230,163
Constable Forfeited Assets - Treasury	14,076	14,076	-	14,076
Constable Forfeited Assets - Justice	94,426	94,426	-	94,426
Constable Pct 2 Federal Forfeited Assets - Justice	-	56	-	56
Constable Pct 2 State Forfeited Assets	-	10,749	-	10,749
Constable Pct 2 Federal Forfeited Assets - Treasury	-	11	-	11
Constable Pct 3 State Forfeited Assets	-	46,755	-	46,755
Constable Pct 4 Federal Forfeited Assets - Justice	-	88,127	-	88,127

HARRIS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Year Ended February 28, 2014

	Adopted Budget	Budget	Actual	(Over) Under
Constable Pct 4 State Forfeited Assets	-	240,542	150,737	89,805
Constable Pct 4 Federal Forfeited Assets - Treasury	-	4,700	-	4,700
Constable Pct 5 Federal Forfeited Assets - Justice	-	676	-	676
Constable Pct 5 State Forfeited Assets	-	131,191	12,199	118,992
Constable Pct 5 Federal Forfeited Assets - Treasury	-	8,525	7,550	975
CA Forfeited Assets State SPU	36,628	96,952	-	96,952
Constable Pct 6 State Forfeited Assets	-	30,582	16,421	14,161
Constable Pct 8 State Forfeited Assets	-	24,929	1,967	22,962
Sheriff Forfeited Assets - Treasury	1,504,182	1,504,182	402,925	1,101,257
Sheriff Forfeited Assets - Justice	3,495,824	3,495,824	2,380,823	1,115,001
Sheriff Forfeited Assets - State	1,707,014	1,707,014	925,839	781,175
District Attorney Forfeited Assets - State	7,157,398	7,157,398	3,554,699	3,602,699
Constable Forfeited Assets - State	472,239	508,121	1,964	506,157
Forfeited Assets - Commissioner's Court	2,343,834	2,343,834	-	2,343,834
Fire Marshall Forfeited Assets	6,017	32,759	7,235	25,524
CA Forfeited Assets - Treasury	22,859	22,859	3,008	19,851
Sheriff Chapter 18 State Forfeited Assets	544,688	544,688	21,713	522,975
Constable Chapter 18 State Forfeited Assets	52,566	52,566	-	52,566
Total Law Enforcement Forfeited Fund	17,704,133	18,413,924	7,509,024	10,904,900
Criminal Courts Audio/Visual	58,785	58,785	-	58,785
Medicaid Admin Claim Reimbursement	1,624,252	1,646,783	527,138	1,119,645
Dispute Resolution	1,460,321	1,460,321	950,552	509,769
Fire Code Fee	5,771,707	5,798,167	3,221,818	2,576,349
LEOSE - Law Enforcement	459,974	459,974	64,017	395,957
Library Contribution Fund	570,490	570,490	311,350	259,140
Juvenile Probation Fee	54,925	54,925	33,061	21,864
Food Permit Fees	1,979,729	1,979,729	1,716,728	263,001
Court Reporter Services	1,176,431	1,176,431	827,720	348,711
Juvenile Delinquency Prevention	1,277	1,277	-	1,277
Supplemental Guardianship	253,308	253,308	73,347	179,961
Courthouse Security	1,733,485	1,733,485	1,643,369	90,116
Law Library	1,962,872	1,962,872	1,331,298	631,574
TIRZ Affordable Housing/Other Restricted Funds				
TIRZ Affordable Housing - Non Interest Bearing	664,941	664,941	664,939	2
TIRZ Affordable Housing - Interest Bearing	2,345,882	2,660,882	552,361	2,108,521
Restricted Fund	2,024,333	2,875,205	1,441,511	1,433,694
Restricted Fund - General	261,078	263,444	7,030	256,414
Total TIRZ Affordable Housing/Other Restricted	5,296,234	6,464,472	2,665,841	3,798,631
Hurricane Ike	-	2,005,900	1,936,921	68,979
Fire County Clerk Election	-	102,589	102,589	-
Hester House				
Hester House Operating	84,615	84,615	-	84,615
Hester House Construction	3,709,109	3,709,109	2,429,573	1,279,536
Total Hester House	3,793,724	3,793,724	2,429,573	1,364,151
Total Special Revenue Fund	\$ 346,590,586	\$ 354,706,973	\$ 156,415,572	\$ 198,291,401

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HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
February 28, 2014

	Roads	Flood Control	Total
ASSETS			
Restricted cash and cash equivalents	\$ 63,287,368	\$ 2,463,220	\$ 65,750,588
Restricted investments	-	4,273,959	4,273,959
Taxes Receivable, net	3,070,698	439,018	3,509,716
Other receivables	23,153	2,781	25,934
Due from other funds	17,025	29,998	47,023
Total assets	<u>\$ 66,398,244</u>	<u>\$ 7,208,976</u>	<u>\$ 73,607,220</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 1,433,170	\$ 236,066	\$ 1,669,236
Total deferred inflows of resources	<u>1,433,170</u>	<u>236,066</u>	<u>1,669,236</u>
FUND BALANCES			
Restricted	64,965,074	6,972,910	71,937,984
Total fund balances	<u>64,965,074</u>	<u>6,972,910</u>	<u>71,937,984</u>
Total deferred inflows of resources, and fund balances	<u>\$ 66,398,244</u>	<u>\$ 7,208,976</u>	<u>\$ 73,607,220</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
For The Year Ended February 28, 2014

	Roads	Flood Control	Total
REVENUES			
Taxes - Property	\$ 53,985,490	\$ 6,349,980	\$ 60,335,470
Earnings on investments	109,394	13,649	123,043
Miscellaneous	58,377	6,881	65,258
Total revenues	<u>54,153,261</u>	<u>6,370,510</u>	<u>60,523,771</u>
EXPENDITURES			
Debt Service:			
Principal retirement	11,207,902	11,805,000	23,012,902
Interest and fiscal charges	45,297,849	33,492,912	78,790,761
Total expenditures	<u>56,505,751</u>	<u>45,297,912</u>	<u>101,803,663</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,352,490)</u>	<u>(38,927,402)</u>	<u>(41,279,892)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	620,011	37,280,819	37,900,830
Total other financing sources (uses)	<u>620,011</u>	<u>37,280,819</u>	<u>37,900,830</u>
Net changes in fund balances	(1,732,479)	(1,646,583)	(3,379,062)
Fund balances, beginning	66,697,553	8,619,493	75,317,046
Fund balances, ending	<u>\$ 64,965,074</u>	<u>\$ 6,972,910</u>	<u>\$ 71,937,984</u>

HARRIS COUNTY, TEXAS
DEBT SERVICE FUNDS
SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS
For The Year Ended February 28, 2014

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 72,681,665	\$ 72,681,665	\$ 73,341,018	\$ 659,353
Revenues and Transfers In:				
Taxes	76,732,101	76,732,101	60,466,599	(16,265,502)
Interest	53,721	53,721	66,367	12,646
Miscellaneous	115,848	115,848	82,750	(33,098)
Other Transfers In	37,433,219	37,433,219	37,900,830	467,611
Total Revenues and Transfers In	<u>114,334,889</u>	<u>114,334,889</u>	<u>98,516,546</u>	<u>(15,818,343)</u>
Total Available Resources	<u>\$ 187,016,554</u>	<u>\$ 187,016,554</u>	<u>\$ 171,857,564</u>	<u>\$ (15,158,990)</u>

HARRIS COUNTY, TEXAS
DEBT SERVICE FUNDS
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2014

	<u>Adopted</u> <u>Budget</u>	<u>Adjusted</u> <u>Budget</u>	<u>Actual</u>	<u>(Over)</u> <u>Under</u>
Roads				
Road Series 1996	\$ 35,823,529	\$ 35,823,529	\$ 17,550,000	\$ 18,273,529
Road Refunding Series 2004A-D	6,705,964	6,705,964	262,500	6,443,464
Unlimited Tax Road Refunding Series 2005A	1,818,009	1,818,009	378,750	1,439,259
Roads Refunding 2006B	22,504,174	22,504,174	10,888,250	11,615,924
Unlimited Tax Road Refunding Series 2008A	3,643,000	3,643,000	1,777,650	1,865,350
Road Refunding Series 2009A	13,814,572	13,814,572	9,022,537	4,792,035
Road Refunding Series 2010A	8,522,739	8,522,739	4,143,100	4,379,639
Road Refunding Series 2011A	21,549,644	21,549,644	8,289,975	13,259,669
Road Refunding Series 2012A	6,320,486	6,320,486	2,666,226	3,654,260
Road Refunding Series 2012B	3,720,123	3,720,123	1,526,763	2,193,360
Budget HC Road Debt Service Unallocated	8,733,304	8,733,304	-	8,733,304
Total Roads	133,155,544	133,155,544	56,505,751	76,649,793
Flood Control				
Flood Control Contract Refunding 2006A	4,709,589	4,709,589	4,709,250	339
Flood Control Refunding Series 1993A	3,755,774	3,755,774	2,552,550	1,203,224
Flood Control Refunding Series 2003	2,695,179	2,695,179	1,314,144	1,381,035
Flood Control Contract Refunding 2004A-D	6,861,349	6,861,349	6,813,250	48,099
Flood Control Improvement Bonds 2007	9,157,263	9,157,263	4,384,000	4,773,263
Flood Control Contract Refunding 2010A	9,094,658	9,094,658	9,094,250	408
Flood Control Contract Refunding 2008A	6,994,461	6,994,461	6,993,600	861
Flood Control Contract Refunding 2008C	9,437,219	9,437,219	9,436,869	350
Budget Flood Control Debt Service Unallocated	1,155,518	1,155,518	-	1,155,518
Total Flood Control	53,861,010	53,861,010	45,297,913	8,563,097
Total Debt Service Funds	\$ 187,016,554	\$ 187,016,554	\$ 101,803,664	\$ 85,212,890

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Capital Projects Funds are used to account for bond sale proceeds and other revenues which are used for the construction and acquisition of major capital projects of the County, Flood Control District, and the Sports and Convention Corp.

ROADS – This fund is used for construction and improvement of roads in the County.

PERMANENT IMPROVEMENTS - Permanent Improvement bonds are used for purchase, construction or improvement of office and courts buildings, juvenile facilities, parks and other public facilities.

RELIANT PARK - This fund is used to account for construction and/or improvement of facilities in the Reliant Stadium, Reliant Exposition Center, Reliant Park Central Plant, and Astrodome Complex.

SPORTS AND CONVENTION CORPORATION – This fund is used for construction of the sports and entertainment complex located on property owned by the County.

FLOOD CONTROL DISTRICT – This fund is used to account for construction of flood control and drainage improvements.

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
February 28, 2014

	Roads	Permanent Improvements	Reliant Park	Sports and Convention Corporation	Flood Control	Total
ASSETS						
Cash and cash equivalents	\$ 49,164,410	\$ 19,379,494	\$ -	\$ -	\$ 74,269,438	\$ 142,813,342
Investments	67,387,343	8,952,548	-	-	77,827,007	154,166,898
Accounts receivable, net	1,458,732	-	-	-	-	1,458,732
Accrued interest receivable	98,062	7,854	-	-	198,142	304,058
Due from other funds	-	14,488	-	-	286,771	301,259
Prepays and other assets	715,257	375,266	-	-	305,000	1,395,523
Advances to other funds	-	-	12,000,000	-	-	12,000,000
Total assets	<u>\$ 118,823,804</u>	<u>\$ 28,729,650</u>	<u>\$ 12,000,000</u>	<u>\$ -</u>	<u>\$ 152,886,358</u>	<u>\$ 312,439,812</u>
LIABILITIES						
Vouchers payable	\$ 2,587,512	\$ 7,638,150	\$ -	\$ -	\$ 2,770,736	\$ 12,996,398
Accrued payroll and compensated absences	-	57,640	-	-	-	57,640
Retainage payable	2,463,754	861,794	-	-	2,558,572	5,884,120
Due to other funds	17,529	45,841	-	-	91,642	155,012
Unearned revenue	-	11,397,893	-	-	-	11,397,893
Total liabilities	<u>5,068,795</u>	<u>20,001,318</u>	<u>-</u>	<u>-</u>	<u>5,420,950</u>	<u>30,491,063</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-other	1,401,835	-	-	-	-	1,401,835
Total deferred inflows of resources	<u>1,401,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,401,835</u>
FUND BALANCES						
Nonspendable	715,257	375,266	12,000,000	-	305,000	13,395,523
Restricted	87,513,362	2,647,686	-	-	147,160,408	237,321,456
Committed	24,124,555	5,705,380	-	-	-	29,829,935
Total fund balances	<u>112,353,174</u>	<u>8,728,332</u>	<u>12,000,000</u>	<u>-</u>	<u>147,465,408</u>	<u>280,546,914</u>
Total liabilities, deferred inflows of resources, and, fund balances	<u>\$ 118,823,804</u>	<u>\$ 28,729,650</u>	<u>\$ 12,000,000</u>	<u>\$ -</u>	<u>\$ 152,886,358</u>	<u>\$ 312,439,812</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
For The Year Ended February 28, 2014

	<u>Roads</u>	<u>Permanent Improvements</u>	<u>Reliant Park</u>	<u>Sports and Convention Corporation</u>	<u>Flood Control</u>	<u>Total</u>
REVENUES						
Intergovernmental	\$ 23,409,232	\$ 600,227	\$ -	\$ -	\$ 32,421,759	\$ 56,431,218
Earnings on investments	243,229	33,877	-	-	361,279	638,385
Miscellaneous	2,553,990	300,103	-	-	194,699	3,048,792
Total revenues	<u>26,206,451</u>	<u>934,207</u>	<u>-</u>	<u>-</u>	<u>32,977,737</u>	<u>60,118,395</u>
EXPENDITURES						
Administration of justice	-	207,709	-	-	-	207,709
Parks	-	155,414	-	-	-	155,414
County administration	-	11,619,065	-	-	-	11,619,065
Health and human services	-	134,818	-	-	-	134,818
Flood control	-	-	-	-	8,670,502	8,670,502
Roads and bridges	4,177,979	-	-	-	-	4,177,979
Capital outlay	69,514,256	40,059,867	-	-	30,551,192	140,125,315
Debt service:						
Bond issuance costs	3,000	9,000	-	-	-	12,000
Interest and fiscal charges	160,597	799	-	-	-	161,396
Total expenditures	<u>73,855,832</u>	<u>52,186,672</u>	<u>-</u>	<u>-</u>	<u>39,221,694</u>	<u>165,264,198</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,649,381)</u>	<u>(51,252,465)</u>	<u>-</u>	<u>-</u>	<u>(6,243,957)</u>	<u>(105,145,803)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	551,979	-	914,151	25,197,653	26,663,783
Transfers out	(1,088,787)	(460,471)	-	-	(1,296,897)	(2,846,155)
Commercial paper issued	27,700,000	42,525,000	-	-	-	70,225,000
Sale of capital assets	2,747,231	1,218,180	-	-	5,211,320	9,176,731
Total other financing sources (uses)	<u>29,358,444</u>	<u>43,834,688</u>	<u>-</u>	<u>914,151</u>	<u>29,112,076</u>	<u>103,219,359</u>
Net change in fund balances	<u>(18,290,937)</u>	<u>(7,417,777)</u>	<u>-</u>	<u>914,151</u>	<u>22,868,119</u>	<u>(1,926,444)</u>
Fund balances, beginning	130,644,111	16,146,109	12,000,000	(914,151)	124,597,289	282,473,358
Fund balances, ending	<u>\$ 112,353,174</u>	<u>\$ 8,728,332</u>	<u>\$ 12,000,000</u>	<u>\$ -</u>	<u>\$ 147,465,408</u>	<u>\$ 280,546,914</u>

**HARRIS COUNTY, TEXAS
CAPITAL PROJECTS FUNDS**

**SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For The Year Ended February 28, 2014

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 297,614,690	\$ 297,553,981	\$ 293,922,133	\$ (3,631,848)
Revenues and Transfers In:				
Interest	-	1,714,685	1,715,784	1,099
Miscellaneous	-	12,832,283	12,098,974	(733,309)
Intergovernmental	-	55,224,566	64,623,456	9,398,890
Other Proceeds Comm Paper	545,507,000	401,407,000	70,225,000	(331,182,000)
Other Transfers In	-	25,576,159	26,691,258	1,115,099
Total Revenues and Transfers In	<u>545,507,000</u>	<u>496,754,693</u>	<u>175,354,472</u>	<u>(321,400,221)</u>
Total Available Resources	<u>\$ 843,121,690</u>	<u>\$ 794,308,674</u>	<u>\$ 469,276,605</u>	<u>\$ (325,032,069)</u>

HARRIS COUNTY, TEXAS
CAPITAL PROJECTS FUNDS
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS
HARRIS COUNTY, TEXAS

For The Year Ended February 28, 2014

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Roads				
METRO Street Improvement	\$ 5,871,838	\$ 5,892,100	\$ -	\$ 5,892,100
Road Capital Projects	30,843,178	43,722,438	12,586,682	31,135,756
METRO Designated Projects	40,992,547	56,392,389	23,025,478	33,366,911
Road Refunding 2004B	10,720,897	10,865,102	3,168,940	7,696,162
Road Refunding 2006B	49,995,922	50,458,430	6,582,847	43,875,583
Road Series 1993 Construction	42,306	42,314	3,900	38,414
Road 1996 Construction	325,449	325,523	74	325,449
Commercial Paper Series C	89,665,180	88,013,687	28,899,921	59,113,766
Total Roads	<u>228,457,317</u>	<u>255,711,983</u>	<u>74,267,842</u>	<u>181,444,141</u>
Permanent Improvements				
Buildings/Parks/Library Projects	7,302,833	9,946,085	3,893,006	6,053,079
1982 Park Bonds Construction	335,588	336,328	255,462	80,866
CO Series 2001 Construction	1,743,273	1,743,449	573,959	1,169,490
Permanent Improvements 1994 Construction	308,791	308,840	73,496	235,344
CO Series 1994 Construction	1,163,648	1,163,863	42,972	1,120,891
Commercial Paper Series B	46,373,988	46,668,871	18,946,565	27,722,306
Commercial Paper Series A-1	81,027,603	81,027,120	8,816,489	72,210,631
Commercial Paper Series New D	140,254,663	139,490,715	19,795,229	119,695,486
Total Permanent Improvements	<u>278,510,387</u>	<u>280,685,271</u>	<u>52,397,178</u>	<u>228,288,093</u>
Flood Control				
Regional Flood Control Projects	13,065,167	13,251,634	2,617,740	10,633,894
Flood Control Capital Projects	66,656,307	128,971,960	22,093,267	106,878,693
FC Bonds 2004A-Construction	9,435,184	9,512,789	2,089,899	7,422,890
FC Improvement Bonds 2007	19,926,695	20,147,109	3,945,672	16,201,437
Commercial Paper - Flood Control	227,070,633	85,662,501	12,918,429	72,744,072
Total Flood Control	<u>336,153,986</u>	<u>257,545,993</u>	<u>43,665,007</u>	<u>213,880,986</u>
Total Capital Projects Funds	<u>\$ 843,121,690</u>	<u>\$ 793,943,247</u>	<u>\$ 170,330,027</u>	<u>\$ 623,613,220</u>



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Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

SUBSCRIBER ACCESS - This fund is used to account for the use of computer access to certain District Clerk records. The information is available only to qualified users, and all costs associated with the program are passed on to the users through user charges.

PARKING FACILITIES - This fund is used to account for the acquisition, operation and maintenance of the County's parking facilities. These facilities are financed primarily through user charges.

SHERIFF'S COMMISSARY - This fund is used to account for the operation of a commissary for jail inmates. The Commissary is funded primarily through profits on sales of commissary items to inmates.

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
February 28, 2014

	Subscriber Access	Parking Facilities	Sheriff's Commissary	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 76,964	\$ 1,584,618	\$ 6,045,545	\$ 7,707,127
Investments	75,139	1,496,878	2,021,986	3,594,003
Accounts receivable, net	2,178	423,346	26,661	452,185
Accrued interest receivable	66	1,313	24	1,403
Other receivables	-	-	672,399	672,399
Inventories	-	-	315,443	315,443
Total current assets	<u>154,347</u>	<u>3,506,155</u>	<u>9,082,058</u>	<u>12,742,560</u>
Noncurrent assets:				
Land	-	3,963,598	-	3,963,598
Land improvements	-	2,400,604	-	2,400,604
Buildings	-	21,154,443	-	21,154,443
Equipment	659,621	-	4,183,059	4,842,680
Accumulated depreciation	(659,621)	(8,847,732)	(3,383,639)	(12,890,992)
Total noncurrent assets	<u>-</u>	<u>18,670,913</u>	<u>799,420</u>	<u>19,470,333</u>
Total assets	<u>154,347</u>	<u>22,177,068</u>	<u>9,881,478</u>	<u>32,212,893</u>
LIABILITIES				
Current liabilities:				
Vouchers payable	571	268,213	461,971	730,755
Accrued payroll and compensated absences	-	-	29,794	29,794
Customer deposits	28	-	-	28
Unearned revenue	-	-	21,275	21,275
Total current liabilities	<u>599</u>	<u>268,213</u>	<u>513,040</u>	<u>781,852</u>
Noncurrent liabilities:				
Noncurrent portion of long-term liabilities	-	-	6,353	6,353
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>6,353</u>	<u>6,353</u>
Total Liabilities	<u>599</u>	<u>268,213</u>	<u>519,393</u>	<u>788,205</u>
NET POSITION				
Net investment in capital assets	-	18,670,913	799,420	19,470,333
Unrestricted	153,748	3,237,942	8,562,665	11,954,355
Total net position	<u>\$ 153,748</u>	<u>\$ 21,908,855</u>	<u>\$ 9,362,085</u>	<u>\$ 31,424,688</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - NON MAJOR ENTERPRISE FUNDS
For The Year Ended February 28, 2014

	<u>Subscriber Access</u>	<u>Parking Facilities</u>	<u>Sheriff's Commissary</u>	<u>Total</u>
OPERATING REVENUES				
Sales	\$ -	\$ -	\$ 8,864,841	\$ 8,864,841
User fees	11,714	5,007,763	-	5,019,477
Miscellaneous	2,965	-	-	2,965
Total operating revenues	<u>14,679</u>	<u>5,007,763</u>	<u>8,864,841</u>	<u>13,887,283</u>
OPERATING EXPENSES				
Salaries	3,335	-	577,445	580,780
Materials and supplies	-	-	788,759	788,759
Services and fees	-	1,485,136	3,270,107	4,755,243
Utilities	-	287,472	5,614	293,086
Transportation and travel	-	-	1,475	1,475
Cost of goods sold	-	-	3,400,299	3,400,299
Depreciation	-	470,006	309,372	779,378
Total operating expenses	<u>3,335</u>	<u>2,242,614</u>	<u>8,353,071</u>	<u>10,599,020</u>
Operating Income (Loss)	<u>11,344</u>	<u>2,765,149</u>	<u>511,770</u>	<u>3,288,263</u>
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	209	7,716	3,464	11,389
Total nonoperating revenue (expenses)	<u>209</u>	<u>7,716</u>	<u>3,464</u>	<u>11,389</u>
Income (loss) before contributions	11,553	2,772,865	515,234	3,299,652
Contributions	-	2,254,863	-	2,254,863
Total contributions	<u>-</u>	<u>2,254,863</u>	<u>-</u>	<u>2,254,863</u>
Change in net position	11,553	5,027,728	515,234	5,554,515
Net position, beginning	142,195	16,881,127	8,846,851	25,870,173
Net position, ending	<u>\$ 153,748</u>	<u>\$ 21,908,855</u>	<u>\$ 9,362,085</u>	<u>\$ 31,424,688</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
For The Year Ended February 28, 2014

	<u>Subscriber Access</u>	<u>Parking Facilities</u>	<u>Sheriff's Commissary</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ (122,009)	\$ 4,620,851	\$ 9,504,477	\$ 14,003,319
Payments to employees	(8,612)	-	(590,953)	(599,565)
Payments to vendors	(4,123)	(1,545,758)	(7,658,696)	(9,208,577)
Net cash provided by (used for) operating activities	<u>(134,744)</u>	<u>3,075,093</u>	<u>1,254,828</u>	<u>4,195,177</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	(157,577)	(157,577)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(157,577)</u>	<u>(157,577)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	(3,495,943)	(3,495,943)
Proceeds from sales and maturities of investments	-	-	2,998,183	2,998,183
Interest paid	-	(1,490,475)	(21,032)	(1,511,507)
Interest received	50,749	-	-	50,749
Net cash provided by (used for) investing activities	<u>50,749</u>	<u>(1,490,475)</u>	<u>(518,792)</u>	<u>(1,958,518)</u>
Net change in cash and cash equivalents	(83,995)	1,584,618	578,459	2,079,082
Cash and cash equivalents, beginning	160,959	-	5,467,086	5,628,045
Cash and cash equivalents, ending	<u>\$ 76,964</u>	<u>\$ 1,584,618</u>	<u>\$ 6,045,545</u>	<u>\$ 7,707,127</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Operating loss	\$ 11,344	\$ 2,765,149	\$ 511,770	\$ 3,288,263
Adjustment to reconcile operating loss to net cash provided by (used for) operating activities:				
Depreciation	-	470,006	309,372	779,378
Change in current assets and liabilities:				
Receivables, net	27,964	(386,912)	926,959	568,011
Inventories	-	-	(60,504)	(60,504)
Vouchers payable and accrued liabilities	(4,123)	226,850	(131,938)	90,789
Other liabilities	(164,652)	-	(287,323)	(451,975)
Compensatory time payable	(5,277)	-	(13,508)	(18,785)
Net cash provided by (used for) operating activities	<u>\$ (134,744)</u>	<u>\$ 3,075,093</u>	<u>\$ 1,254,828</u>	<u>\$ 4,195,177</u>
Non-Cash Investing Activities:				
Increase (decrease) in the fair value of investments	\$ (50,486)	\$ 1,496,878	\$ 24,472	\$ 1,470,864
Contributions of capital assets	-	2,254,863	-	2,254,863

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Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

VEHICLE MAINTENANCE - This fund is used to account for the operation and maintenance of the County's Vehicle Maintenance Department which is financed through user charges.

RADIO OPERATIONS - This fund is used to account for the operation of County radios which is financed through user charges.

INMATE INDUSTRIES - This fund is used to account for the operation of the printing services provided by inmates to County departments which is financed by user charges.

HEALTH INSURANCE MANAGEMENT - This fund is used to account for County employees' group health insurance activities.

RISK MANAGEMENT - This fund is used to account for the County's workers' compensation and other risk management activities. Workers' Compensation includes medical and indemnity payments as required by law for on-the-job related injuries. Other risk management activities include coordination of all insurance policies and management of self-insured risk.

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
February 28, 2014

	Vehicle Maintenance	Radio Operations	Inmate Industries	Health Insurance Management	Risk Management	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 6,552,932	\$ 282,294	\$ 1,918,271	\$ 36,772,753	\$ 4,362,373	\$ 49,888,623
Investments	6,856,526	501,582	1,701,444	33,072,146	53,486,531	95,618,229
Receivables:						
Accounts	7,288	357,874	-	1,825,168	894	2,191,224
Accrued interest	6,015	440	1,493	29,013	118,695	155,656
Other	705	93,225	-	1,100	1,514,461	1,609,491
Inventories	962,382	196,603	-	-	-	1,158,985
Prepays and other assets	10,276	13,126	3,413	2,054	1,021,277	1,050,146
Due from other funds	299,273	5,018	-	27	-	304,318
Total current assets	<u>14,695,397</u>	<u>1,450,162</u>	<u>3,624,621</u>	<u>71,702,261</u>	<u>60,504,231</u>	<u>151,976,672</u>
Noncurrent assets:						
Land	259,000	-	-	-	-	259,000
Buildings	1,475,970	-	-	-	-	1,475,970
Equipment	52,511,433	1,460,817	483,662	-	-	54,455,912
Accumulated depreciation	(42,007,937)	(1,444,353)	(411,591)	-	-	(43,863,881)
Total noncurrent assets	<u>12,238,466</u>	<u>16,464</u>	<u>72,071</u>	<u>-</u>	<u>-</u>	<u>12,327,001</u>
Total assets	<u>26,933,863</u>	<u>1,466,626</u>	<u>3,696,692</u>	<u>71,702,261</u>	<u>60,504,231</u>	<u>164,303,673</u>
LIABILITIES						
Current liabilities:						
Vouchers payable	2,935,396	62,824	14,569	7,717,719	379,435	11,109,943
Accrued payroll and compensated absences	306,979	205,900	-	-	343,708	856,587
Estimated outstanding claims	-	-	-	-	10,097,930	10,097,930
Incurred but not reported claims	-	-	-	13,770,715	8,632,948	22,403,663
Due to other funds	41,544	-	-	-	116,832	158,376
Total current liabilities	<u>3,283,919</u>	<u>268,724</u>	<u>14,569</u>	<u>21,488,434</u>	<u>19,570,853</u>	<u>44,626,499</u>
Noncurrent liabilities:						
Noncurrent portion of long-term liabilities	53,870	24,508	-	-	28,844	107,222
Total noncurrent liabilities	<u>53,870</u>	<u>24,508</u>	<u>-</u>	<u>-</u>	<u>28,844</u>	<u>107,222</u>
Total liabilities	<u>3,337,789</u>	<u>293,232</u>	<u>14,569</u>	<u>21,488,434</u>	<u>19,599,697</u>	<u>44,733,721</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-other	-	-	-	-	55,772	55,772
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,772</u>	<u>55,772</u>
NET POSITION						
Net investments in capital assets	12,238,466	16,464	72,071	-	-	12,327,001
Unrestricted	11,357,608	1,156,930	3,610,052	50,213,827	40,848,762	107,187,179
Total net position	<u>\$ 23,596,074</u>	<u>\$ 1,173,394</u>	<u>\$ 3,682,123</u>	<u>\$ 50,213,827</u>	<u>\$ 40,848,762</u>	<u>\$ 119,514,180</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - INTERNAL SERVICE FUNDS
For The Year Ended February 28, 2014

	Vehicle Maintenance	Radio Operations	Inmate Industries	Health Insurance Management	Risk Management	Totals
OPERATING REVENUES						
Lease revenue	\$ -	\$ 5,102	\$ -	\$ -	\$ -	\$ 5,102
Intergovernmental	-	-	-	1,670,606	-	1,670,606
Charges to departments	22,902,519	399,690	576,508	199,161,901	12,255,104	235,295,722
User fees	4,725,323	2,748,509	-	-	-	7,473,832
Total operating revenues	<u>27,627,842</u>	<u>3,153,301</u>	<u>576,508</u>	<u>200,832,507</u>	<u>12,255,104</u>	<u>244,445,262</u>
OPERATING EXPENSES						
Salaries	2,867,370	2,711,123	-	-	5,238,791	10,817,284
Materials and supplies	354,798	49,371	102,985	27,457	158,156	692,767
Services and fees	3,488,592	2,536,783	116,082	78,766	1,994,072	8,214,295
Utilities	92,690	621,186	-	-	934	714,810
Transportation and travel	8,278,975	52,251	3,275	-	12,249	8,346,750
Incurred claims	-	-	-	192,908,369	4,208,971	197,117,340
Estimated claims	-	-	-	1,732,536	(1,702,667)	29,869
Cost of goods sold	8,615,988	93,055	-	-	-	8,709,043
Depreciation	5,133,133	5,991	21,657	-	-	5,160,781
Total operating expenses	<u>28,831,546</u>	<u>6,069,760</u>	<u>243,999</u>	<u>194,747,128</u>	<u>9,910,506</u>	<u>239,802,939</u>
Operating income (loss)	<u>(1,203,704)</u>	<u>(2,916,459)</u>	<u>332,509</u>	<u>6,085,379</u>	<u>2,344,598</u>	<u>4,642,323</u>
NONOPERATING REVENUES (EXPENSES)						
Earnings on investments	21,131	6,006	7,699	148,051	254,537	437,424
Gain on sale of capital assets	41,970	-	-	-	-	41,970
Other nonoperating revenues (expenses)	(8,414)	(9,831)	-	-	-	(18,245)
Total nonoperating revenues (expenses)	<u>54,687</u>	<u>(3,825)</u>	<u>7,699</u>	<u>148,051</u>	<u>254,537</u>	<u>461,149</u>
Income (loss) before transfers	<u>(1,149,017)</u>	<u>(2,920,284)</u>	<u>340,208</u>	<u>6,233,430</u>	<u>2,599,135</u>	<u>5,103,472</u>
Transfers in	-	3,700,000	-	-	3,691,328	7,391,328
Transfers out	-	-	-	(969,060)	-	(969,060)
Total transfers	<u>-</u>	<u>3,700,000</u>	<u>-</u>	<u>(969,060)</u>	<u>3,691,328</u>	<u>6,422,268</u>
Change in net position	<u>(1,149,017)</u>	<u>779,716</u>	<u>340,208</u>	<u>5,264,370</u>	<u>6,290,463</u>	<u>11,525,740</u>
Net position, beginning	24,745,091	393,678	3,341,915	44,949,457	34,558,299	107,988,440
Net position, ending	<u>\$ 23,596,074</u>	<u>\$ 1,173,394</u>	<u>\$ 3,682,123</u>	<u>\$ 50,213,827</u>	<u>\$ 40,848,762</u>	<u>\$ 119,514,180</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For The Year Ended February 28, 2014

	Vehicle Maintenance	Radio Operations	Inmate Industries	Health Insurance Management	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 27,943,313	\$ 3,238,178	\$ 577,001	\$ 200,837,805	\$ 12,087,542	\$ 244,683,839
Payments to employees	(2,922,729)	(2,807,920)	-	-	(5,441,704)	(11,172,353)
Payments to vendors	(18,853,351)	(3,352,541)	(216,025)	1,331,027	(2,521,691)	(23,612,581)
Claims paid	-	-	-	(193,790,692)	(5,687,879)	(199,478,571)
Other payments	(8,414)	(9,831)	-	-	-	(18,245)
Net cash provided by (used for) operating activities	<u>6,158,819</u>	<u>(2,932,114)</u>	<u>360,976</u>	<u>8,378,140</u>	<u>(1,563,732)</u>	<u>10,402,089</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	3,700,000	-	-	3,691,328	7,391,328
Transfers to other funds	-	-	-	(969,060)	-	(969,060)
Net cash provided by noncapital financing activities	<u>-</u>	<u>3,700,000</u>	<u>-</u>	<u>(969,060)</u>	<u>3,691,328</u>	<u>6,422,268</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(8,709,242)	-	-	-	-	(8,709,242)
Net cash used for capital and related financing activities	<u>(8,709,242)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,709,242)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	-	-	-	-	(33,805,877)	(33,805,877)
Proceeds from sales and maturities of investments	-	-	-	-	29,439,421	29,439,421
Interest paid	-	(487,180)	(229,806)	(4,888,673)	-	(5,605,659)
Interest received	940,465	-	-	-	622,195	1,562,660
Net cash provided by (used for) investing activities	<u>940,465</u>	<u>(487,180)</u>	<u>(229,806)</u>	<u>(4,888,673)</u>	<u>(3,744,261)</u>	<u>(8,409,455)</u>
Net change in cash and cash equivalents	(1,609,958)	280,706	131,170	2,520,407	(1,616,665)	(294,340)
Cash and cash equivalents, beginning	8,162,890	1,588	1,787,101	34,252,346	5,979,038	50,182,963
Cash and cash equivalents, ending	<u>\$ 6,552,932</u>	<u>\$ 282,294</u>	<u>\$ 1,918,271</u>	<u>\$ 36,772,753</u>	<u>\$ 4,362,373</u>	<u>\$ 49,888,623</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating income (loss)	\$ (1,203,704)	\$ (2,916,459)	\$ 332,509	\$ 6,085,379	\$ 2,344,598	\$ 4,642,323
Adjustments to reconcile operating income to net cash						
Provided by operating activities:						
Depreciation expense	5,133,133	5,991	21,657	-	-	5,160,781
Other non-operating expenses	(8,414)	(9,831)	-	-	-	(18,245)
Change in assets and liabilities:						
Receivables, net	315,471	84,877	493	5,298	(169,117)	237,022
Prepays and other assets	(10,276)	(9,240)	5,692	(2,054)	(236,745)	(252,623)
Inventories	(39,331)	(13,736)	-	-	-	(53,067)
Vouchers payable and accrued liabilities	1,978,106	(67,484)	625	2,289,517	(3,301,110)	899,654
Deferred revenue	-	-	-	-	1,555	1,555
Compensatory time payable	(6,166)	(6,232)	-	-	(202,913)	(215,311)
Net cash provided by (used for) operating activities	<u>\$ 6,158,819</u>	<u>\$ (2,932,114)</u>	<u>\$ 360,976</u>	<u>\$ 8,378,140</u>	<u>\$ (1,563,732)</u>	<u>\$ 10,402,089</u>
Non-Cash Investing Activities:						
Increase (decrease) in the fair value of investments	\$ (917,949)	\$ 492,754	\$ 237,406	\$ 5,034,398	\$ (360,962)	\$ 4,485,647

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AGENCY FUNDS:

DISTRICT CLERK REGISTRY - Established for the purpose of accounting for monies held in the custody of the District Clerk under orders of various Harris County courts.

COUNTY CLERK REGISTRY - Established for the purpose of accounting for monies held in the custody of the County Clerk under orders of various Harris County courts.

OFFICERS' FEES - This fund is used as a clearing fund for fees, fines and court costs collected by Sheriff, County Clerk, District Clerk, and/or other fee officers of the County.

BAIL SECURITY - Assets pledged by Bail Bond licensees as collateral are accounted for in this fund.

TAX COLLECTOR'S - Tax collections are deposited in the Tax Collector's agency fund pending audit and distribution to the County or other taxing jurisdiction. Receipts from the sale of beer licenses are deposited in this fund pending approval by the State Alcoholic Beverage Commission.

INMATE PROPERTY – This fund is used to account for jail inmates' properties held in the custody of Harris County.

TREASURER ESCHEAT - This fund is used to account for unclaimed property \$100 or less held in the custody of Harris County.

JUVENILE RESTITUTION - This fund is used to account for collection and distribution of monies for Harris County Juvenile Probation Department clients ordered by courts to make victim restitution payments.

DA FRAUD FEE RESTITUTION - This fund is used to distribute restitution of collected restitution funds for Harris County District Attorney's office.

DISTRICT CLERK CONTINGENCY - This fund is used to account for collection of a fee to cover the District Clerk and any deputy clerk against liabilities incurred through errors or omissions in the performance of official duties.

ARMY CORPS OF ENGINEERS ESCROW - This fund is used to account for funds held in escrow for Flood Control projects in conjunction with the Army Corp of Engineers.

JJC SUBCONTRACTOR UNDERPAYMENT - This fund is used to account for funds in order to finalize the Juvenile Justice Center construction contract.

RETIREE HEALTHCARE FUND - This fund is used to account for other post-employment benefits of retirees that are due to or from the County.

RETIREMENT ADJUSTMENT UNDERPAYMENT - This fund is used to account for monies owed to the Texas County and District Retirement System (TCDRS) for missed deductions from employees paychecks caused when they move from one department to another within the County.

DA SEIZED ASSETS - This fund is used to account for assets seized pursuant to the state forfeiture law Chapter 59, Code of Criminal Procedure.

HOUSTON HIDTA SEIZED FUNDS - This fund is used to account for assets seized on behalf of the Houston High Intensity Drug Trafficking Area (HIDTA).

PAYROLL FUND - This fund is used to pay amounts due to external parties withheld and related payroll liabilities from the central payroll system.

CUSTODIAL - This fund is used to account for various custodial bank accounts activities.

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
February 28, 2014

	District Clerk Registry	County Clerk Registry	Officers' Fees	Bail Security	Tax Collector's	Inmate Property
ASSETS						
Cash and cash equivalents	\$ 2,736,761	\$ 33,109,640	\$ 15,546,962	\$ 12,584,834	\$ 194,652,573	\$ 1,613,226
Investments	50,402,456	43,655,862	10,981,299	3,097,219	-	-
Accounts receivable	-	-	35,787	-	-	-
Other receivables	-	-	-	-	-	36,130
Accrued interest receivable	152,678	136,780	9,634	2,717	-	-
Total assets	<u>\$ 53,291,895</u>	<u>\$ 76,902,282</u>	<u>\$ 26,573,682</u>	<u>\$ 15,684,770</u>	<u>\$ 194,652,573</u>	<u>\$ 1,649,356</u>
LIABILITIES						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 631,775
Accrued payroll and compensated absences	-	-	-	-	-	-
Incurred but not reported claims	-	-	-	-	-	-
Held for others	53,291,895	76,902,282	26,573,682	15,684,770	194,652,573	1,017,581
Total liabilities	<u>\$ 53,291,895</u>	<u>\$ 76,902,282</u>	<u>\$ 26,573,682</u>	<u>\$ 15,684,770</u>	<u>\$ 194,652,573</u>	<u>\$ 1,649,356</u>

Treasurer Escheat	Juvenile Restitution	DA Fraud Fee Restitution	District Clerk Contingency	Army Corps of Engineers Escrow	JJC Subcontractor Underpayment	Retiree Healthcare Fund
\$ 696,156	\$ 133,720	\$ 70,959	\$ 213,374	\$ 25,733	\$ 13,242	\$ -
-	-	-	188,438	-	11,802	-
-	-	-	-	-	-	736,906
-	-	-	-	-	-	4,575,458
-	-	-	165	-	10	-
<u>\$ 696,156</u>	<u>\$ 133,720</u>	<u>\$ 70,959</u>	<u>\$ 401,977</u>	<u>\$ 25,733</u>	<u>\$ 25,054</u>	<u>\$ 5,312,364</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 937,425
-	-	-	-	-	-	-
-	-	-	-	-	-	4,374,939
696,156	133,720	70,959	401,977	25,733	25,054	-
<u>\$ 696,156</u>	<u>\$ 133,720</u>	<u>\$ 70,959</u>	<u>\$ 401,977</u>	<u>\$ 25,733</u>	<u>\$ 25,054</u>	<u>\$ 5,312,364</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
February 28, 2014

	Retirement Adjustment Underpayment	DA Seized Assets	Houston HIDTA Seized Funds	Payroll Fund	Custodial	Total Agency Funds
ASSETS						
Cash and cash equivalents	\$ 13,704	\$ 13,964,611	\$ 1,795,392	\$ 6,687,562	\$ 2,705,591	\$ 286,564,040
Investments	11,802	-	-	5,922,577	-	114,271,455
Accounts receivable	-	-	-	179,428	-	952,121
Other receivables	-	-	-	665,659	-	5,277,247
Accrued interest receivable	10	-	-	5,231	-	307,225
Total assets	<u>\$ 25,516</u>	<u>\$ 13,964,611</u>	<u>\$ 1,795,392</u>	<u>\$ 13,460,457</u>	<u>\$ 2,705,591</u>	<u>\$ 407,372,088</u>
LIABILITIES						
Vouchers payable	\$ -	\$ -	\$ -	\$ 1,348,689	\$ -	\$ 2,917,889
Accrued payroll and compensated absences	-	-	-	12,086,391	-	12,086,391
Incurred but not reported claims	-	-	-	-	-	4,374,939
Held for others	25,516	13,964,611	1,795,392	25,377	2,705,591	387,992,869
Total liabilities	<u>\$ 25,516</u>	<u>\$ 13,964,611</u>	<u>\$ 1,795,392</u>	<u>\$ 13,460,457</u>	<u>\$ 2,705,591</u>	<u>\$ 407,372,088</u>

(concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2014

	Balance March 1, 2013	Additions	Deductions	Balance February 28, 2014
District Clerk Registry				
ASSETS				
Cash and cash equivalents	\$ 1,980,683	\$ 78,400,833	\$ 77,644,755	\$ 2,736,761
Investments	69,317,253	37,985,036	56,899,833	50,402,456
Accrued interest receivable	207,276	152,678	207,276	152,678
Total Assets	<u>\$ 71,505,212</u>	<u>\$ 116,538,547</u>	<u>\$ 134,751,864</u>	<u>\$ 53,291,895</u>
LIABILITIES				
Held for others	<u>\$ 71,505,212</u>	<u>\$ 23,523,772</u>	<u>\$ 41,737,089</u>	<u>\$ 53,291,895</u>
Total Liabilities	<u>\$ 71,505,212</u>	<u>\$ 23,523,772</u>	<u>\$ 41,737,089</u>	<u>\$ 53,291,895</u>
County Clerk Registry				
ASSETS				
Cash and cash equivalents	\$ 1,425,731	\$ 144,352,683	\$ 112,668,774	\$ 33,109,640
Investments	38,031,500	19,638,916	14,014,554	43,655,862
Accrued interest receivable	134,066	136,780	134,066	136,780
Total Assets	<u>\$ 39,591,297</u>	<u>\$ 164,128,379</u>	<u>\$ 126,817,394</u>	<u>\$ 76,902,282</u>
LIABILITIES				
Held for others	<u>\$ 39,591,297</u>	<u>\$ 103,019,642</u>	<u>\$ 65,708,657</u>	<u>\$ 76,902,282</u>
Total Liabilities	<u>\$ 39,591,297</u>	<u>\$ 103,019,642</u>	<u>\$ 65,708,657</u>	<u>\$ 76,902,282</u>
Officers' Fees				
ASSETS				
Cash and cash equivalents	\$ 14,911,095	\$ 129,940,671	\$ 129,304,804	\$ 15,546,962
Investments	9,673,446	10,981,299	9,673,446	10,981,299
Accounts receivable	24,688	87,217	76,118	35,787
Accrued interest receivable	9,207	9,634	9,207	9,634
Total Assets	<u>\$ 24,618,436</u>	<u>\$ 141,018,821</u>	<u>\$ 139,063,575</u>	<u>\$ 26,573,682</u>
LIABILITIES				
Held for others	<u>\$ 24,618,436</u>	<u>\$ 271,259,934</u>	<u>\$ 269,304,688</u>	<u>\$ 26,573,682</u>
Total Liabilities	<u>\$ 24,618,436</u>	<u>\$ 271,259,934</u>	<u>\$ 269,304,688</u>	<u>\$ 26,573,682</u>
Bail Security				
ASSETS				
Cash and cash equivalents	\$ 12,462,645	\$ 8,317,186	\$ 8,194,997	\$ 12,584,834
Investments	3,142,656	3,097,219	3,142,656	3,097,219
Accrued interest receivable	2,991	2,717	2,991	2,717
Total Assets	<u>\$ 15,608,292</u>	<u>\$ 11,417,122</u>	<u>\$ 11,340,644</u>	<u>\$ 15,684,770</u>
LIABILITIES				
Held for others	<u>15,608,292</u>	<u>2,783,976</u>	<u>2,707,498</u>	<u>15,684,770</u>
Total Liabilities	<u>\$ 15,608,292</u>	<u>\$ 2,783,976</u>	<u>\$ 2,707,498</u>	<u>\$ 15,684,770</u>
Tax Collector's				
ASSETS				
Cash and cash equivalents	\$ 157,136,102	\$ 8,307,726,321	\$ 8,270,209,850	\$ 194,652,573
Investments	-	35,435,588	35,435,588	-
Total Assets	<u>\$ 157,136,102</u>	<u>\$ 8,343,161,909</u>	<u>\$ 8,305,645,438</u>	<u>\$ 194,652,573</u>
LIABILITIES				
Held for others	<u>\$ 157,136,102</u>	<u>\$ 8,282,280,260</u>	<u>\$ 8,244,763,789</u>	<u>\$ 194,652,573</u>
Total Liabilities	<u>\$ 157,136,102</u>	<u>\$ 8,282,280,260</u>	<u>\$ 8,244,763,789</u>	<u>\$ 194,652,573</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2014

	Balance March 1, 2013	Additions	Deductions	Balance February 28, 2014
Inmate Property				
ASSETS				
Cash and cash equivalents	\$ 1,493,064	\$ 17,710,798	\$ 17,590,636	\$ 1,613,226
Other receivable	36,130	-	-	36,130
Total Assets	<u>\$ 1,529,194</u>	<u>\$ 17,710,798</u>	<u>\$ 17,590,636</u>	<u>\$ 1,649,356</u>
LIABILITIES				
Payables	\$ 1,177,072	\$ 9,654,889	\$ 10,200,186	\$ 631,775
Held for others	352,122	18,201,926	17,536,467	1,017,581
Total Liabilities	<u>\$ 1,529,194</u>	<u>\$ 27,856,815</u>	<u>\$ 27,736,653</u>	<u>\$ 1,649,356</u>
Treasurer Escheat				
ASSETS				
Cash and cash equivalents	\$ 468,297	\$ 228,401	\$ 542	\$ 696,156
Total Assets	<u>\$ 468,297</u>	<u>\$ 228,401</u>	<u>\$ 542</u>	<u>\$ 696,156</u>
LIABILITIES				
Held for others	\$ 468,297	\$ 229,485	\$ 1,626	\$ 696,156
Total Liabilities	<u>\$ 468,297</u>	<u>\$ 229,485</u>	<u>\$ 1,626</u>	<u>\$ 696,156</u>
Juvenile Restitution				
ASSETS				
Cash and cash equivalents	\$ 105,266	\$ 187,954	\$ 159,500	\$ 133,720
Total Assets	<u>\$ 105,266</u>	<u>\$ 187,954</u>	<u>\$ 159,500</u>	<u>\$ 133,720</u>
LIABILITIES				
Held for others	\$ 105,266	\$ 65,351	\$ 36,897	\$ 133,720
Total Liabilities	<u>\$ 105,266</u>	<u>\$ 65,351</u>	<u>\$ 36,897</u>	<u>\$ 133,720</u>
Forfeited Restitution				
ASSETS				
Cash and cash equivalents	\$ 4,147	\$ 31,758	\$ 35,905	\$ -
Total Assets	<u>\$ 4,147</u>	<u>\$ 31,758</u>	<u>\$ 35,905</u>	<u>\$ -</u>
LIABILITIES				
Held for others	\$ 4,147	\$ 31,758	\$ 35,905	\$ -
Total Liabilities	<u>\$ 4,147</u>	<u>\$ 31,758</u>	<u>\$ 35,905</u>	<u>\$ -</u>
DA Fraud Fee Restitution				
ASSETS				
Cash and cash equivalents	\$ 37,944	\$ 1,469,279	\$ 1,436,264	\$ 70,959
Total Assets	<u>\$ 37,944</u>	<u>\$ 1,469,279</u>	<u>\$ 1,436,264</u>	<u>\$ 70,959</u>
LIABILITIES				
Held for others	\$ 37,944	\$ 134,861	\$ 101,846	\$ 70,959
Total Liabilities	<u>\$ 37,944</u>	<u>\$ 134,861</u>	<u>\$ 101,846</u>	<u>\$ 70,959</u>
District Clerk Contingency				
ASSETS				
Cash and cash equivalents	\$ 221,157	\$ 345,171	\$ 352,954	\$ 213,374
Investments	180,968	188,437	180,967	188,438
Accrued interest receivable	172	165	172	165
Total Assets	<u>\$ 402,297</u>	<u>\$ 533,773</u>	<u>\$ 534,093</u>	<u>\$ 401,977</u>
LIABILITIES				
Held for others	\$ 402,297	\$ 1,847	\$ 2,167	\$ 401,977
Total Liabilities	<u>\$ 402,297</u>	<u>\$ 1,847</u>	<u>\$ 2,167</u>	<u>\$ 401,977</u>
Army Corps of Engineers Escrow				
ASSETS				
Cash and cash equivalents	\$ 25,733	\$ 6	\$ 6	\$ 25,733
Total Assets	<u>\$ 25,733</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 25,733</u>
LIABILITIES				
Held for others	\$ 25,733	\$ 6	\$ 6	\$ 25,733
Total Liabilities	<u>\$ 25,733</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 25,733</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2014

	Balance March 1, 2013	Additions	Deductions	Balance February 28, 2014
JJC Subcontractor Underpayment				
ASSETS				
Cash and cash equivalents	\$ 13,787	\$ 21,489	\$ 22,034	\$ 13,242
Investments	11,204	11,802	11,204	11,802
Accrued interest receivable	11	10	11	10
Total Assets	<u>\$ 25,002</u>	<u>\$ 33,301</u>	<u>\$ 33,249</u>	<u>\$ 25,054</u>
LIABILITIES				
Held for others	\$ 25,002	\$ 108	\$ 56	\$ 25,054
Total Liabilities	<u>\$ 25,002</u>	<u>\$ 108</u>	<u>\$ 56</u>	<u>\$ 25,054</u>
Retiree Healthcare				
ASSETS				
Accounts receivable	\$ 750,473	\$ 736,906	\$ 750,473	\$ 736,906
Other receivables	3,661,152	4,575,459	3,661,153	4,575,458
Total Assets	<u>\$ 4,411,625</u>	<u>\$ 5,312,365</u>	<u>\$ 4,411,626</u>	<u>\$ 5,312,364</u>
LIABILITIES				
Vouchers payable	\$ 919,009	\$ 937,425	\$ 919,009	937,425
Incurred but not reported claims	3,492,616	4,374,939	3,492,616	4,374,939
Total Liabilities	<u>\$ 4,411,625</u>	<u>\$ 5,312,364</u>	<u>\$ 4,411,625</u>	<u>\$ 5,312,364</u>
Retirement Adjustment Underpayment				
ASSETS				
Cash and cash equivalents	\$ 12,334	\$ 23,405	\$ 22,035	\$ 13,704
Investments	9,846	11,802	9,846	11,802
Accrued interest receivable	9	10	9	10
Total Assets	<u>\$ 22,189</u>	<u>\$ 35,217</u>	<u>\$ 31,890</u>	<u>\$ 25,516</u>
LIABILITIES				
Held for others	\$ 22,189	\$ 3,377	\$ 50	\$ 25,516
Total Liabilities	<u>\$ 22,189</u>	<u>\$ 3,377</u>	<u>\$ 50</u>	<u>\$ 25,516</u>
DA Seized Assets				
ASSETS				
Cash and cash equivalents	\$ 21,695,964	\$ 86,863	\$ 7,818,216	\$ 13,964,611
Total Assets	<u>\$ 21,695,964</u>	<u>\$ 86,863</u>	<u>\$ 7,818,216</u>	<u>\$ 13,964,611</u>
LIABILITIES				
Held for others	\$ 21,695,964	\$ 86,863	\$ 7,818,216	\$ 13,964,611
Unearned Revenues	-	86,863	86,863	-
Total Liabilities	<u>\$ 21,695,964</u>	<u>\$ 173,726</u>	<u>\$ 7,905,079</u>	<u>\$ 13,964,611</u>
Houston HIDTA Seized Funds				
ASSETS				
Cash and cash equivalents	\$ 1,666,613	\$ 607,000	\$ 478,221	\$ 1,795,392
Total Assets	<u>\$ 1,666,613</u>	<u>\$ 607,000</u>	<u>\$ 478,221</u>	<u>\$ 1,795,392</u>
LIABILITIES				
Held for others	\$ 1,666,613	\$ 1,544,332	\$ 1,415,553	\$ 1,795,392
Total Liabilities	<u>\$ 1,666,613</u>	<u>\$ 1,544,332</u>	<u>\$ 1,415,553</u>	<u>\$ 1,795,392</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2014

	<u>Balance</u> <u>March 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>February 28, 2014</u>
Payroll Fund				
ASSETS				
Cash and cash equivalents	\$ 4,946,870	\$ 1,263,426,729	\$ 1,261,686,037	\$ 6,687,562
Investments	4,073,367	5,922,577	4,073,367	5,922,577
Accounts receivable	251,949	2,378,710	2,451,231	179,428
Other receivables	1,623,928	1,193,226,743	1,194,185,012	665,659
Accrued interest receivable	3,900	5,231	3,900	5,231
Total Assets	<u>\$ 10,900,014</u>	<u>\$ 2,464,959,990</u>	<u>\$ 2,462,399,547</u>	<u>\$ 13,460,457</u>
LIABILITIES				
Vouchers payable	\$ 20,534	\$ 36,895,379	\$ 35,567,224	\$ 1,348,689
Accrued payroll and compensated absences	10,864,748	661,766,086	660,544,443	12,086,391
Held for others	14,732	25,920,315	25,909,670	25,377
Total Liabilities	<u>\$ 10,900,014</u>	<u>\$ 724,581,780</u>	<u>\$ 722,021,337</u>	<u>\$ 13,460,457</u>
Custodial				
ASSETS				
Cash and cash equivalents	\$ 2,347,976	\$ 17,434,979	\$ 17,077,364	\$ 2,705,591
Total Assets	<u>\$ 2,347,976</u>	<u>\$ 17,434,979</u>	<u>\$ 17,077,364</u>	<u>\$ 2,705,591</u>
LIABILITIES				
Held for others	\$ 2,347,976	\$ 9,296,722	\$ 8,939,107	\$ 2,705,591
Total Liabilities	<u>\$ 2,347,976</u>	<u>\$ 9,296,722</u>	<u>\$ 8,939,107</u>	<u>\$ 2,705,591</u>
Total Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 220,955,408	\$ 9,970,311,526	\$ 9,904,702,894	\$ 286,564,040
Investments	124,440,240	113,272,676	123,441,461	114,271,455
Accounts receivable	1,027,110	3,202,833	3,277,822	952,121
Other receivable	5,321,210	1,197,802,202	1,197,846,165	5,277,247
Accrued interest receivable	357,632	307,225	357,632	307,225
Total Assets	<u>\$ 352,101,600</u>	<u>\$ 11,284,896,462</u>	<u>\$ 11,229,625,974</u>	<u>\$ 407,372,088</u>
LIABILITIES				
Vouchers payable	\$ 2,116,615	\$ 47,487,693	\$ 46,686,419	\$ 2,917,889
Accrued payroll and compensated absences	10,864,748	661,766,086	660,544,443	12,086,391
Incurred but not reported claims	3,492,616	4,374,939	3,492,616	4,374,939
Held for others	335,627,621	8,738,384,535	8,686,019,287	387,992,869
Unearned revenue	-	86,863	86,863	-
Total Liabilities	<u>\$ 352,101,600</u>	<u>\$ 9,452,100,116</u>	<u>\$ 9,396,829,628</u>	<u>\$ 407,372,088</u>

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Discretely presented component units are legally separate organizations that, because of the nature and significance of their relationship with the primary government, are included in the financial reporting entity but shown separately from the primary government's financial activities.

HARRIS COUNTY HOUSING FINANCE CORPORATION - This organization was established under the Texas Housing Finance Corporation Act as a separate non-profit corporate entity. The corporation was created in 1980 by the Commissioner's Court of Harris County, but it is not a political subdivision of Harris County under state law. The corporation is exempt from federal income tax and is authorized to issue debt instruments for the purpose of purchasing single family home mortgages and providing financing for multifamily projects, both relating to low and moderate income owners/residents.

HARRIS COUNTY INDUSTRIAL DEVELOPMENT CORPORATION - This corporation was created in 1981 to approve the issuance of industrial and manufacturing bonds which promote and encourage employment and the public welfare in Harris County. Its Board of Directors is appointed by the Commissioner's Court of Harris County. The corporation is a tax-exempt entity. Although it may issue debt that Harris County has no obligation to assume, Commissioner's Court must approve the debt issuance.

CHILDREN'S ASSESSMENT CENTER FOUNDATION, INC. - This foundation was established in 1995 to provide a professional, compassionate and coordinated approach to the treatment of sexually abused children and their families and to serve as an advocate for all children in our community. The foundation is a tax-exempt entity.

FRIENDS OF COUNTYPETS – This corporation was organized to aid and act on behalf of Harris County, Texas in providing funds for the operation, maintenance, and improvement of veterinary public health programs of Harris County Public Health and Environmental Services.

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION - NONMAJOR COMPONENT UNITS
FEBRUARY 28, 2014

	Harris County Housing Finance Corporation	Harris County Industrial Development Corporation	Children's Assessment Center Foundation	Friends of CountyPets	Total
ASSETS					
Cash and cash equivalents	\$ 5,459,303	\$ 122,216	\$ 1,057,390	\$ 25,320	\$ 6,664,229
Investments, including accrued interest	-	206,656	-	-	206,656
Receivables:					
Accounts	-	-	5,403,408	-	5,403,408
Other	-	75,036	-	-	75,036
Prepays and other assets	55,703	2,925	33,271	-	91,899
Restricted cash and investments	-	-	9,440,491	-	9,440,491
Capital assets:					
Land, improvements and construction in progress	-	-	8,302,997	-	8,302,997
Other capital assets, net of depreciation	-	-	12,574,541	-	12,574,541
Total assets	<u>5,515,006</u>	<u>406,833</u>	<u>36,812,098</u>	<u>25,320</u>	<u>42,759,257</u>
LIABILITIES					
Vouchers payable and accrued liabilities	152,057	13,781	351,775	-	517,613
Unearned revenue	-	-	72,325	-	72,325
Total liabilities	<u>152,057</u>	<u>13,781</u>	<u>424,100</u>	<u>-</u>	<u>589,938</u>
NET POSITION					
Restricted for:					
Donor restrictions	-	-	5,454,738	-	5,454,738
Unrestricted net position	5,362,949	393,052	30,933,260	25,320	36,714,581
Total net position	<u>\$ 5,362,949</u>	<u>\$ 393,052</u>	<u>\$ 36,387,998</u>	<u>\$ 25,320</u>	<u>\$ 42,169,319</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR COMPONENT UNITS
For The Year Ended February 28, 2014

	Harris County Housing Finance Corporation	Harris County Industrial Development Corporation	Children's Assessment Center Foundation	Friends of CountyPets	Total
REVENUES					
Program Revenues:					
Charges for services	\$ 664,623	\$ 75,000	\$ 1,327,151	\$ -	\$ 2,066,774
Operating grants and contributions	-	-	1,609,040	3,723	1,612,763
Capital grants and contributions	-	-	4,951,449	-	4,951,449
Total program revenues	<u>664,623</u>	<u>75,000</u>	<u>7,887,640</u>	<u>3,723</u>	<u>8,630,986</u>
EXPENSES	<u>1,124,592</u>	<u>31,413</u>	<u>2,541,822</u>	<u>15,550</u>	<u>3,713,377</u>
Net (expenses) program revenues	<u>(459,969)</u>	<u>43,587</u>	<u>5,345,818</u>	<u>(11,827)</u>	<u>4,917,609</u>
General Revenues (Expenses):					
Earnings on investments	37,180	197	29,543	-	66,920
Other	88,711	-	-	-	88,711
Net general revenues (expenses)	<u>125,891</u>	<u>197</u>	<u>29,543</u>	<u>-</u>	<u>155,631</u>
Change in net position	(334,078)	43,784	5,375,361	(11,827)	5,073,240
Net position, beginning (as restated)	<u>5,697,027</u>	<u>349,268</u>	<u>31,012,637</u>	<u>37,147</u>	<u>37,096,079</u>
Net position, ending	<u>\$ 5,362,949</u>	<u>\$ 393,052</u>	<u>\$ 36,387,998</u>	<u>\$ 25,320</u>	<u>\$ 42,169,319</u>



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HARRIS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
February 28, 2014

	Total
Governmental funds capital assets:	
Land	\$ 4,066,143,284
Construction in progress	216,850,536
Intangible assets - water rights	2,400,000
Intangible assets - software & licenses	41,520,453
Land improvements	8,327,573
Infrastructure	10,849,177,759
Park facilities	178,538,893
Flood control projects	862,738,394
Buildings	1,760,972,266
Equipment	307,378,192
Total governmental funds capital assets	\$ 18,294,047,350
Investments in governmental funds capital assets by source:	
3002 General fund	\$ 700,116,772
3003 Special revenue fund	346,336,512
3001 Capital projects fund	15,084,724,199
3004 Gifts	2,162,869,867
	\$ 18,294,047,350

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$56,190,882 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.

HARRIS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION
For The Year Ended February 28, 2014

Function	Land	Construction in Progress	Intangible Assets	Land Improvements	Infrastructure	Park Facilities	Flood Control Projects	Buildings	Equipment	Total
Administration of justice	\$ 17,181,408	\$ 2,089,383	\$ -	\$ 359,250	\$ 13,361,780	\$ -	\$ -	\$ 699,426,650	\$ 76,551,836	\$ 808,970,307
Parks	145,224,787	(9,235,697)	-	1,897,907	3,209,817	139,135,057	-	687,230,459	38,217,509	1,005,679,839
County administration	179,963,001	180,613,184	47,916,779	(2,664,655)	27,598,185	12,767,678	-	290,319,818	88,688,364	825,202,354
Health and human services	8,364,243	12,496,439	-	2,952,679	2,441,688	7,822,433	-	42,496,283	13,775,183	90,348,948
Flood control	1,577,295,621	62,900,340	2,400,000	641,531	-	-	862,738,394	11,870,371	9,780,083	2,527,626,340
Tax administration	-	-	-	-	65,563,194	-	-	7,011,581	1,103,273	73,678,048
Roads and bridges	2,138,114,224	(32,013,113)	(6,396,326)	5,140,861	10,737,003,095	18,813,725	-	22,617,104	79,261,944	12,962,541,514
Total governmental funds capital assets	<u>\$ 4,066,143,284</u>	<u>\$ 216,850,536</u>	<u>\$ 43,920,453</u>	<u>\$ 8,327,573</u>	<u>\$ 10,849,177,759</u>	<u>\$ 178,538,893</u>	<u>\$ 862,738,394</u>	<u>\$ 1,760,972,266</u>	<u>\$ 307,378,192</u>	<u>\$ 18,294,047,350</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$56,190,882 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.

HARRIS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
For The Year Ended February 28, 2014

Function	Balance March 1, 2013	Additions	Deletions	Balance February 28, 2014
Administration of justice	\$ 806,961,701	\$ 9,257,093	\$ (7,248,487)	\$ 808,970,307
Parks	997,831,163	8,014,390	(165,714)	1,005,679,839
County administration	777,147,544	76,926,917	(28,872,107)	825,202,354
Health and human services	78,213,944	13,200,020	(1,065,016)	90,348,948
Flood control	2,492,428,056	38,291,080	(3,092,796)	2,527,626,340
Tax administration	8,210,794	65,579,620	(112,366)	73,678,048
Roads and bridges	12,887,709,373	127,294,293	(52,462,152)	12,962,541,514
Total governmental funds capital assets	<u>\$18,048,502,575</u>	<u>\$ 338,563,413</u>	<u>\$ (93,018,638)</u>	<u>\$ 18,294,047,350</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$56,190,882 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.



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This part of Harris County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

Listed below are the areas covered in the statistical section:

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.

REVENUE CAPACITY – These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.

OPERATING INFORMATION – These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the service the County provides and the activities it performs.

OTHER INFORMATION – These schedules contain information that although is not required, but is presented to help the reader obtain additional insights into County activities and finances.



Table 1

HARRIS COUNTY, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (accrual basis of accounting)
(amounts in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	\$ 9,299,331	\$ 9,679,340	\$ 9,659,255	\$ 9,700,793	\$ 9,709,904	\$ 9,524,096	\$ 9,488,369	\$ 9,406,205	\$ 9,221,791	\$ 9,099,960
Restricted for:										
Debt service	153,846	142,250	151,067	154,297	150,777	155,452	137,053	136,559	190,104	230,567
Capital projects	36,162	48,564	24,659	22,129	33,791	18,739	28,365	28,481	18,274	15,459
Donor temporarily restricted	2,307	1,669	809	752	53	258	468	494	494	480
Legislative	1,462	1,577	1,637	1,687	4,657	3,063	2,837	4,560	7,251	6,772
Mobility program	-	-	-	-	-	80,345	133,191	158,816	201,509	247,067
Unrestricted	372,614	366,255	360,744	399,503	219,424	61,426	(46,701)	(20,355)	59,303	184,142
Total governmental activities net position	<u>\$ 9,865,722</u>	<u>\$ 10,239,655</u>	<u>\$ 10,198,171</u>	<u>\$ 10,279,161</u>	<u>\$ 10,118,606</u>	<u>\$ 9,843,379</u>	<u>\$ 9,743,582</u>	<u>\$ 9,714,760</u>	<u>\$ 9,698,726</u>	<u>\$ 9,784,447</u>
Business-type activities:										
Net investment in capital assets	\$ (357,245)	\$ (401,045)	\$ (491,756)	\$ (314,975)	\$ (255,104)	\$ (216,112)	\$ (211,636)	\$ (256,855)	\$ (230,758)	\$ (54,218)
Restricted for:										
Debt service	122,387	128,540	144,027	164,840	187,086	235,586	245,933	265,433	277,912	288,387
Capital projects	41,866	42,038	36,337	48,600	44,748	51,376	56,245	59,691	115,104	2,639
Operating reserve per bond covenants	-	-	-	-	-	-	-	-	25,199	29,742
Toll road	364,590	524,388	734,894	618,163	607,922	526,002	520,142	605,664	549,834	581,705
Unrestricted	10,021	11,260	12,652	12,759	12,683	9,848	8,189	8,439	8,095	11,954
Total business-type activities	<u>\$ 181,619</u>	<u>\$ 305,181</u>	<u>\$ 436,154</u>	<u>\$ 529,387</u>	<u>\$ 597,335</u>	<u>\$ 606,700</u>	<u>\$ 618,873</u>	<u>\$ 682,372</u>	<u>\$ 745,386</u>	<u>\$ 860,209</u>
Primary government:										
Net investment in capital assets	\$ 8,942,086	\$ 9,278,295	\$ 9,167,499	\$ 9,385,818	\$ 9,454,800	\$ 9,307,984	\$ 9,276,733	\$ 9,149,350	\$ 8,991,033	\$ 9,045,742
Restricted	722,620	889,026	1,093,430	1,010,468	1,029,034	1,070,821	1,124,234	1,259,698	1,385,681	1,402,818
Unrestricted	382,635	377,515	373,396	412,262	232,107	71,274	(38,512)	(11,916)	67,398	196,096
Total primary government	<u>\$ 10,047,341</u>	<u>\$ 10,544,836</u>	<u>\$ 10,634,325</u>	<u>\$ 10,808,548</u>	<u>\$ 10,715,941</u>	<u>\$ 10,450,079</u>	<u>\$ 10,362,455</u>	<u>\$ 10,397,132</u>	<u>\$ 10,444,112</u>	<u>\$ 10,644,656</u>

FY 13 restated, Note 1.

HARRIS COUNTY, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (accrual basis of accounting)
(amounts in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES										
Governmental activities:										
Administration of Justice	\$ 613,153	\$ 621,764	\$ 704,472	\$ 846,107	\$ 944,400	\$ 961,588	\$ 929,889	\$ 882,196	\$ 901,902	\$ 962,194
Parks	51,333	60,417	72,865	82,222	78,911	91,594	94,145	95,479	90,629	108,904
County Administration	267,178	250,098	277,592	299,310	407,483	342,683	326,162	308,346	290,415	336,266
Health and Human Services	171,065	185,057	197,880	193,348	182,120	220,090	199,518	191,253	189,798	188,705
Flood Control	81,182	72,445	81,126	90,253	97,695	103,435	99,305	92,793	98,788	92,845
Tax Administration	30,040	30,709	31,300	35,191	37,949	38,137	36,152	32,951	33,834	34,838
Roads and Bridges	332,468	347,524	347,061	364,111	373,484	381,380	387,325	390,220	390,227	372,922
Interest and Fiscal Charges	81,899	108,636	116,178	136,944	125,018	127,221	127,520	127,403	122,955	117,763
Total governmental activities expenses	1,628,318	1,676,650	1,828,474	2,047,486	2,247,060	2,266,128	2,200,016	2,120,641	2,118,548	2,214,437
Business-type activities:										
Toll Road	213,358	230,254	276,671	272,972	305,754	360,048	363,266	368,627	383,226	386,005
Subscriber Access	368	267	239	161	132	580	83	717	402	3
Parking Facilities	491	786	867	952	895	839	889	763	764	2,243
Sheriff's Commissary	4,816	6,251	6,946	8,142	8,561	8,564	7,439	7,503	8,540	8,353
Total business-type activities	219,033	237,558	284,723	282,227	315,342	370,031	371,677	377,610	392,932	396,604
Total primary government expenses	\$ 1,847,351	\$ 1,914,208	\$ 2,113,197	\$ 2,329,713	\$ 2,562,402	\$ 2,636,159	\$ 2,571,693	\$ 2,498,251	\$ 2,511,480	\$ 2,611,041
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Administration of Justice	\$ 96,367	\$ 117,322	\$ 116,644	\$ 126,189	\$ 128,469	\$ 138,701	\$ 137,540	\$ 143,983	\$ 124,154	\$ 125,911
Parks	1,151	2,579	3,288	3,560	1,237	3,272	3,144	3,463	3,762	798
County Administration	50,999	53,636	59,751	62,780	58,259	47,722	45,200	26,345	65,833	57,931
Health and Human Services	6,959	7,827	9,062	9,637	10,139	11,172	14,265	9,547	10,064	9,957
Flood Control	2,545	1,008	849	410	551	314	751	451	724	392
Tax Administration	65,195	66,392	46,448	28,749	26,920	28,173	25,659	25,997	27,390	28,504
Roads and Bridges	28,093	30,632	32,132	32,703	32,835	33,663	29,334	38,922	43,869	48,713
Operating grants and contributions	168,325	170,733	144,548	148,358	213,880	224,108	236,859	198,455	229,526	259,745
Capital grants and contributions	161,929	659,448	227,271	312,732	206,561	71,644	280,755	236,643	152,328	192,603
Total governmental activities program revenues	581,563	1,109,577	639,993	725,118	678,851	558,769	773,507	683,806	657,650	724,554

Business-type activities:

Charges for services:

Toll Road	317,712	349,341	392,993	428,868	442,015	455,548	481,346	519,297	560,079	609,965
Subscriber Access	205	395	347	265	283	265	249	226	201	15
Parking Facilities	451	409	406	368	382	365	387	258	233	5,008
Sheriff's Commissary	5,954	6,961	7,552	8,267	8,620	8,190	7,115	7,798	8,269	8,865
Operating grants and contributions	11,764	-	1,612	1,286	994	1,164	852	6,056	634	2,471
Capital grants and contributions	12,522	3,130	3,113	3,059	9,198	7,221	3,063	360	-	-
Total business-type activities program revenues	<u>348,608</u>	<u>360,236</u>	<u>406,023</u>	<u>442,113</u>	<u>461,492</u>	<u>472,753</u>	<u>493,012</u>	<u>533,995</u>	<u>569,416</u>	<u>626,324</u>
Total primary government program revenues	<u>\$ 930,171</u>	<u>\$ 1,469,813</u>	<u>\$ 1,046,016</u>	<u>\$ 1,167,231</u>	<u>\$ 1,140,343</u>	<u>\$ 1,031,522</u>	<u>\$ 1,266,519</u>	<u>\$ 1,217,801</u>	<u>\$ 1,227,066</u>	<u>\$ 1,350,878</u>

NET (EXPENSE)/REVENUE

Governmental activities	\$ (1,046,755)	\$ (567,073)	\$ (1,188,481)	\$ (1,322,368)	\$ (1,568,209)	\$ (1,707,359)	\$ (1,426,509)	\$ (1,436,835)	\$ (1,460,898)	\$ (1,489,883)
Business-type activities	129,575	122,678	121,300	159,886	146,150	102,722	121,335	156,385	176,484	229,720
Total primary government net expense	<u>\$ (917,180)</u>	<u>\$ (444,395)</u>	<u>\$ (1,067,181)</u>	<u>\$ (1,162,482)</u>	<u>\$ (1,422,059)</u>	<u>\$ (1,604,637)</u>	<u>\$ (1,305,174)</u>	<u>\$ (1,280,450)</u>	<u>\$ (1,284,414)</u>	<u>\$ (1,260,163)</u>

GENERAL REVENUES AND OTHER CHANGES IN NET POSITION

Governmental activities:

Taxes:										
Property taxes	\$ 854,735	\$ 856,870	\$ 988,162	\$ 1,103,852	\$ 1,161,088	\$ 1,205,070	\$ 1,127,678	\$ 1,176,578	\$ 1,249,958	\$ 1,380,649
Hotel occupancy taxes	16,830	19,271	20,727	26,371	26,610	21,341	23,312	26,815	29,917	36,409
Earnings on investments	12,555	30,748	47,500	58,751	32,717	19,410	6,796	14,143	7,816	6,845
Miscellaneous	25,181	32,029	59,380	59,378	66,157	57,322	45,269	57,229	57,154	30,653
Gain (Loss) on sale of capital assets	21	877	115	43	145	-	-	-	-	-
Transfers	23,401	20,284	31,112	121,236	120,937	128,989	123,657	133,248	119,949	121,048
Special item	-	(19,074)	-	33,727	-	-	-	-	-	-
Total governmental activities	<u>932,723</u>	<u>941,005</u>	<u>1,146,996</u>	<u>1,403,358</u>	<u>1,407,654</u>	<u>1,432,132</u>	<u>1,326,712</u>	<u>1,408,013</u>	<u>1,464,794</u>	<u>1,575,604</u>

Business-type activities:

Earnings on investments	6,439	20,168	40,035	49,690	41,671	33,679	13,542	39,563	27,076	5,063
Miscellaneous	487	1,001	741	4,754	1,062	1,954	953	799	790	1,088
Gain (Loss) on sale of capital assets	-	-	11	140	-	-	-	-	-	-
Transfers	(23,401)	(20,284)	(31,112)	(121,236)	(120,937)	(128,989)	(123,657)	(133,248)	(119,949)	(121,048)
Total business-type activities	<u>(16,475)</u>	<u>885</u>	<u>9,675</u>	<u>(66,652)</u>	<u>(78,204)</u>	<u>(93,356)</u>	<u>(109,162)</u>	<u>(92,886)</u>	<u>(92,083)</u>	<u>(114,897)</u>
Total primary government	<u>\$ 916,248</u>	<u>\$ 941,890</u>	<u>\$ 1,156,671</u>	<u>\$ 1,336,706</u>	<u>\$ 1,329,450</u>	<u>\$ 1,338,776</u>	<u>\$ 1,217,550</u>	<u>\$ 1,315,127</u>	<u>\$ 1,372,711</u>	<u>\$ 1,460,707</u>

CHANGE IN NET POSITION

Governmental activities	\$ (114,032)	\$ 373,932	\$ (41,485)	\$ 80,990	\$ (160,555)	\$ (275,227)	\$ (99,797)	\$ (28,822)	\$ 3,856	\$ 85,721
Business-type activities	113,100	123,563	130,975	93,234	67,946	9,366	12,173	63,499	84,401	114,823
Total primary government	<u>\$ (932)</u>	<u>\$ 497,495</u>	<u>\$ 89,490</u>	<u>\$ 174,224</u>	<u>\$ (92,609)</u>	<u>\$ (265,861)</u>	<u>\$ (87,624)</u>	<u>\$ 34,677</u>	<u>\$ 88,257</u>	<u>\$ 200,544</u>

FY13 restated, Note 1.

Table 3

HARRIS COUNTY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (modified accrual basis of accounting)
(amounts in thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:										
Reserved	\$ 112,291	\$ 146,215	\$ 175,301	\$ 175,956	\$ 202,321	\$ 283,664	\$ 341,139	\$ -	\$ -	\$ -
Unreserved	203,684	175,581	128,418	192,616	166,726	59,063	(22,290)	-	-	-
Nonspendable	-	-	-	-	-	-	-	4,840	4,463	5,134
Restricted	-	-	-	-	-	-	-	280,566	347,309	429,372
Committed	-	-	-	-	-	-	-	2,120	2,847	2,508
Assigned	-	-	-	-	-	-	-	33,491	24,013	14,622
Unassigned	-	-	-	-	-	-	-	91,927	189,799	355,857
Total general fund	<u>\$ 315,975</u>	<u>\$ 321,796</u>	<u>\$ 303,719</u>	<u>\$ 368,572</u>	<u>\$ 369,047</u>	<u>\$ 342,727</u>	<u>\$ 318,849</u>	<u>\$ 412,944</u>	<u>\$ 568,431</u>	<u>\$ 807,493</u>
All Other Governmental Funds:										
Reserved	\$ 310,683	\$ 313,717	\$ 287,549	\$ 293,213	\$ 327,803	\$ 308,060	\$ 249,061	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	114,248	120,682	134,012	142,857	112,052	120,416	148,474	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	155,377	118,213	308,020	240,871	201,246	141,761	238,969	-	-	-
Nonspendable	-	-	-	-	-	-	-	18,195	14,549	14,845
Restricted	-	-	-	-	-	-	-	557,177	533,963	531,051
Committed	-	-	-	-	-	-	-	47,246	32,542	30,963
Unassigned	-	-	-	-	-	-	-	(2,420)	(7,304)	(559)
Total all other governmental funds	<u>\$ 580,308</u>	<u>\$ 552,612</u>	<u>\$ 729,581</u>	<u>\$ 676,941</u>	<u>\$ 641,101</u>	<u>\$ 570,237</u>	<u>\$ 636,504</u>	<u>\$ 620,198</u>	<u>\$ 573,750</u>	<u>\$ 576,300</u>

Note: GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, replaced the categories that previously had been used to classify fund balance. The County implemented GASB No. 54 for fiscal year 2012.

Table 4

HARRIS COUNTY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (modified accrual basis of accounting)
(amounts in thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES										
Taxes	\$ 845,544	\$ 902,656	\$ 994,398	\$ 1,110,571	\$ 1,202,832	\$ 1,230,871	\$ 1,167,016	\$ 1,191,542	\$ 1,273,954	\$ 1,432,989
Charges for Services	188,018	218,835	225,159	222,568	206,075	206,744	204,706	214,760	225,923	236,265
User fees	-	1,942	2,833	2,693	2,904	2,722	2,841	3,008	3,167	253
Fines and Forfeitures	23,974	24,801	23,363	20,903	21,138	20,869	18,629	17,499	18,149	19,695
Lease revenue	-	2,270	2,104	2,179	2,485	2,358	2,085	2,247	2,319	2,170
Intergovernmental	201,293	239,072	205,469	209,889	305,421	292,431	360,021	310,814	280,970	335,284
Earnings on investments	10,766	28,131	48,237	58,042	31,385	16,687	5,520	14,946	6,052	2,731
Miscellaneous	53,182	64,966	51,143	56,058	71,684	59,358	74,688	77,572	83,855	74,183
Total revenues	<u>1,322,777</u>	<u>1,482,673</u>	<u>1,552,706</u>	<u>1,682,903</u>	<u>1,843,924</u>	<u>1,832,040</u>	<u>1,835,506</u>	<u>1,832,388</u>	<u>1,894,389</u>	<u>2,103,570</u>
EXPENDITURES										
Administration of Justice	595,623	608,878	681,412	783,755	896,488	911,300	881,592	834,450	850,686	909,620
Parks	40,509	49,518	52,031	57,524	66,130	67,671	71,128	73,148	62,862	84,602
County Administration	217,169	239,179	264,922	276,798	358,308	293,562	299,313	270,858	252,731	289,211
Health and Human Services	171,756	184,370	196,891	185,616	193,127	218,687	199,105	182,342	191,957	189,032
Flood Control	48,450	58,761	66,721	71,590	69,792	69,569	75,116	66,463	79,245	62,820
Tax Administration	29,740	30,169	31,263	33,358	36,269	36,678	34,848	31,863	32,048	33,385
Roads and Bridges	68,437	84,341	84,338	87,946	91,351	113,208	103,910	92,177	87,185	80,011
Capital Outlay	326,820	283,937	263,492	241,272	214,553	244,495	305,169	232,108	215,462	221,799
Debt Service:										
Bond issuance costs	5,672	1,094	4,509	293	6,270	1,888	5,678	1,831	3,159	364
Interest and fiscal charges	54,588	101,802	114,938	140,405	116,723	123,170	106,921	120,815	121,086	134,703
Principal	65,180	76,600	70,191	64,868	75,396	83,757	83,614	63,189	67,420	67,765
	<u>1,623,944</u>	<u>1,718,649</u>	<u>1,830,708</u>	<u>1,943,425</u>	<u>2,124,407</u>	<u>2,163,985</u>	<u>2,166,394</u>	<u>1,969,244</u>	<u>1,963,841</u>	<u>2,073,312</u>
Excess of revenues over (under) expenditures	(301,167)	(235,976)	(278,002)	(260,522)	(280,483)	(331,945)	(330,888)	(136,856)	(69,452)	30,258
OTHER FINANCING SOURCES (USES)										
Proceeds from borrowings	447,081	195,582	195,640	146,355	122,961	102,910	214,524	75,497	66,776	86,113
Proceeds from refundings	502,743	113,224	578,613	-	851,958	282,101	609,097	247,477	476,583	-
Payments to escrow agent	(316,461)	(112,236)	(66,181)	-	(563,174)	(279,883)	(404,915)	(45,874)	(473,544)	-
Payments to defease commercial paper	(226,000)	(335)	(298,936)	-	(282,763)	-	(200,000)	(200,000)	(14,500)	-
Capital leases	1,279	311	833	168	-	-	-	-	-	-
Proceeds from insurance recovery	-	-	-	-	438	-	32,500	323	7,825	267
Sale of capital assets	2,062	1,966	1,267	8,253	424	799	1,064	361	1,083	10,349
Capital contributions	-	2,500	2,500	-	-	-	2,211	-	-	-
Transfers in	543,651	114,442	481,768	211,513	185,813	219,502	417,015	321,214	190,583	215,563
Transfers out	(528,780)	(101,351)	(458,611)	(93,555)	(70,538)	(90,667)	(298,219)	(184,353)	(76,317)	(100,937)
Total other financing sources (uses)	<u>425,575</u>	<u>214,103</u>	<u>436,893</u>	<u>272,734</u>	<u>245,119</u>	<u>234,762</u>	<u>373,277</u>	<u>214,645</u>	<u>178,489</u>	<u>211,355</u>
Net change in fund balances	<u>\$ 124,408</u>	<u>\$ (21,873)</u>	<u>\$ 158,891</u>	<u>\$ 12,212</u>	<u>\$ (35,364)</u>	<u>\$ (97,183)</u>	<u>\$ 42,389</u>	<u>\$ 77,789</u>	<u>\$ 109,037</u>	<u>\$ 241,613</u>
Debt service as a percentage of noncapital expenditures	9.2%	12.4%	11.8%	12.1%	10.1%	10.8%	10.2%	10.6%	10.8%	10.9%

Table 5

**HARRIS COUNTY, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
(EXCEPT FLOOD CONTROL DISTRICT)
LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

Fiscal Year	Real Property	Personal Property	Less Exemptions (a)	Total Taxable Assessed Value	Total Direct Tax Rate
2005	\$ 199,378,304	\$ 32,159,586	\$ 37,273,945	\$ 194,263,945 (b)	0.39986
2006	230,050,598	37,313,520	61,017,743	206,346,375 (c)	0.39986
2007	250,997,888	40,381,452	66,142,090	225,237,250 (c)	0.40239
2008	281,251,230	46,122,092	73,150,566	254,222,756	0.39239
2009	313,740,198	50,453,455	82,016,388	282,177,265	0.38923
2010	316,949,419	54,044,038	85,902,801	285,090,656	0.39224
2011	307,139,208	51,636,041	85,743,093	273,032,156	0.38805
2012	313,475,950	51,539,733	88,299,285	276,716,398	0.39117
2013	324,827,229	57,313,966	91,639,208	290,501,987	0.40021
2014	347,626,720	62,743,816	93,848,695	316,521,841	0.41455

(a) The majority of exemptions are made up of the optional 20% homestead property exemption. In addition, persons 65 years of age or older or disabled receive an exemption up to a maximum individual amount of \$160,000 (\$156,240 prior to 2008).

(b) HCAD tax supplement as of February 1 of the tax year.

(c) HCAD tax supplement as of January 29 of the tax year.

Source: Harris County Appraisal District.

Note: Property in the County must be revalued every three years. Property is assessed at market value; therefore, the taxable values are equal to market value less applicable exemptions. Tax rates are per \$100 of assessed value.

Table 6

**HARRIS COUNTY, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
FLOOD CONTROL DISTRICT
LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

Fiscal Year	Real Property	Personal Property	Less Exemptions (a)	Total Taxable Assessed Value	Total Direct Tax Rate
2005	\$ 199,378,304	\$ 32,119,653	\$ 37,273,945	\$ 194,224,012 (b)	0.03318
2006	230,050,598	37,276,435	61,017,743	206,309,290 (c)	0.03322
2007	250,997,888	40,345,611	66,142,090	225,201,409 (c)	0.03241
2008	281,251,230	46,086,287	73,150,566	254,186,951	0.03106
2009	321,147,405	43,010,048	89,424,111	274,733,342	0.03086
2010	325,453,516	45,496,068	94,414,243	276,535,341	0.02922
2011	315,200,613	43,537,642	93,805,049	264,933,206	0.02923
2012	321,629,707	43,346,546	96,453,218	268,523,035	0.02809
2013	334,997,328	47,104,735	101,809,361	280,292,702	0.02809
2014	358,644,209	51,681,663	104,868,732	305,457,140	0.02827

(a) The majority of exemptions are made up of the optional 20% homestead property exemption. In addition, persons 65 years of age or older or disabled receive an exemption up to a maximum individual amount of \$160,000 (\$156,240 prior to 2008).

The Flood Control District has an exemption for goods exported from Texas ("Freeport Exemption").

(b) HCAD tax supplement as of February 1 of the tax year.

(c) HCAD tax supplement as of January 29 of the tax year.

Source: Harris County Appraisal District.

Note: Property in the County must be revalued every three years. Property is assessed at market value; therefore, the taxable values are equal to market value less applicable exemptions. Tax rates are per \$100 of assessed value.

Table 7

**HARRIS COUNTY, TEXAS
COUNTY-WIDE AD VALOREM TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)
(Unaudited)**

Purpose	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Harris County -										
General Fund	\$0.33117	\$0.34728	\$0.34221	\$0.33918	\$0.33815	\$0.33401	\$0.33401	\$0.33444	\$0.33271	\$0.34547
General Bonds Debt Service	0.04303	0.03047	0.03885	0.03200	0.03192	0.03642	0.03635	0.03825	0.04468	0.05158
Total - Constitutional Funds	0.37420	0.37775	0.38106	0.37118	0.37007	0.37043	0.37036	0.37269	0.37739	0.39705
County-Wide Road Debt Service	0.02566	0.02211	0.02133	0.02121	0.01916	0.02181	0.01769	0.01848	0.02282	0.01750
Total - Harris County	0.39986	0.39986	0.40239	0.39239	0.38923	0.39224	0.38805	0.39117	0.40021	0.41455
Flood Control District -										
Maintenance	0.02553	0.02733	0.02733	0.02754	0.02754	0.02754	0.02727	0.02727	0.02522	0.02620
Debt Service	0.00765	0.00589	0.00508	0.00352	0.00332	0.00168	0.00196	0.00082	0.00287	0.00207
Total - Flood Control	0.03318	0.03322	0.03241	0.03106	0.03086	0.02922	0.02923	0.02809	0.02809	0.02827
Port of Houston Authority -										
Debt Service	0.01673	0.01474	0.01302	0.01437	0.01773	0.01636	0.02054	0.01856	0.01952	0.01716
Hospital District - General	0.19021	0.19216	0.19216	0.19216	0.19216	0.19216	0.19216	0.19216	0.18216	0.17000
Total	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.62998</u>						

Source: Harris County Auditor.

HARRIS COUNTY, TEXAS
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
 (rates per \$100 of assessed value)
 (Unaudited)

<u>Purpose</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
County-Wide Taxing Jurisdiction:										
Harris County	\$ 0.3999	\$ 0.3999	\$ 0.4024	\$ 0.3924	\$ 0.3892	\$ 0.3922	\$ 0.3881	\$ 0.3912	\$ 0.4002	\$ 0.4146
Harris County Flood Control District	0.0332	0.0332	0.0324	0.0311	0.0309	0.0292	0.0292	0.0281	0.0281	0.0283
Port of Houston Authority	0.0167	0.0147	0.0130	0.0144	0.0177	0.0164	0.0205	0.0185	0.0195	0.0171
Harris County Hospital District	0.1902	0.1922	0.1922	0.1922	0.1922	0.1922	0.1922	0.1922	0.1822	0.1700
Total	<u>\$ 0.6400</u>	<u>\$ 0.6400</u>	<u>\$ 0.6400</u>	<u>\$ 0.6301</u>	<u>\$ 0.6300</u>					
Cities:										
Baytown	0.7370	0.7370	0.7370	0.7370	0.7870	0.7870	0.7870	0.8220	0.8220	0.8220
Bellaire	0.4800	0.4700	0.4400	0.4400	0.3775	0.3759	0.3999	0.3999	0.3999	0.3999
Deer Park	0.7200	0.7200	0.7200	0.7200	0.7050	0.7050	0.7050	0.7050	0.7200	0.7200
Houston	0.6550	0.6500	0.6475	0.6450	0.6438	0.6388	0.6388	0.6388	0.6388	0.6388
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.6400	0.6275	0.6088	0.6088	0.6300	0.6300	0.6160	0.6160	0.5970	0.5970
Missouri City	0.5017	0.4980	0.4945	0.4993	0.5172	0.5284	0.5284	0.5284	0.5448	0.5738
Pasadena	0.5670	0.5670	0.5670	0.5670	0.5620	0.5620	0.5916	0.5916	0.5916	0.5916
Pearland	0.6950	0.6744	0.6527	0.6526	0.6526	0.6526	0.6651	0.6851	0.7051	0.7051
Seabrook	0.6196	0.6307	0.6210	0.6203	0.5884	0.5884	0.6268	0.6500	0.6652	0.6652
South Houston	0.7000	0.6863	0.6588	0.6770	0.6784	0.6732	0.6732	0.6732	0.7083	0.6699
Webster	0.2680	0.2575	0.2575	0.2489	0.2060	0.2325	0.2575	0.2853	0.2853	0.2696
West University Place	0.4467	0.4300	0.4020	0.3660	0.3590	0.3588	0.3741	0.3741	0.3741	0.3741
School Districts and Junior Colleges:										
Aldine	1.6890	1.7090	1.6040	1.2770	1.2920	1.3005	1.4305	1.3284	1.3284	1.3284
Alief	1.6750	1.7200	1.5900	1.5900	1.3400	1.3400	1.3400	1.3400	1.3200	1.2900
Clear Creek	1.7450	1.7750	1.6300	1.3200	1.3600	1.3600	1.2937	1.3600	1.3600	1.3600
Cypress-Fairbanks	1.7900	1.8000	1.8000	1.6450	1.3240	1.3500	1.4100	1.4300	1.4500	1.4500
Deer Park	1.8055	1.8055	1.6623	1.3177	1.3367	1.3667	1.3967	1.3967	1.5267	1.5567
Galena Park	1.7950	1.8150	1.7100	1.4309	1.4550	1.4784	1.5134	1.5134	1.5134	1.5134
Goose Creek	1.6837	1.7275	1.5956	1.3020	1.2821	1.2821	1.3021	1.3321	1.3321	1.3868
Houston	1.5800	1.7275	1.6200	1.1570	1.1567	1.1567	1.1567	1.1567	1.1567	1.1867
Humble	1.7400	1.7700	1.7700	1.3100	1.5200	1.5200	1.5200	1.5200	1.5200	1.5200
Katy	2.0000	2.0000	1.8150	1.5266	1.5266	1.5266	1.5266	1.5266	1.5266	1.5266
Klein	1.7000	1.7000	1.5800	1.2600	1.3100	1.3600	1.4100	1.4300	1.4400	1.4300
LaPorte	1.7335	1.7335	1.6350	1.3200	1.3250	1.3250	1.3250	1.3550	1.3300	1.3300
North Forest**	1.7444	1.7125	1.7125	1.2367	1.3143	1.3500	1.3500	1.4693	1.4432	N/A
Lone Star College System*	0.1145	0.1207	0.1167	0.1144	0.1101	0.1101	0.1176	0.1210	0.1198	0.1160
Pasadena	1.7750	1.8050	1.6900	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500
Pearland	1.7922	1.7922	1.6622	1.4272	1.4194	1.4194	1.4194	1.4194	1.4194	1.4157
San Jacinto Junior College	0.1391	0.1391	0.1454	0.1454	0.1634	0.1708	0.1708	0.1763	0.1856	0.1856
Sheldon	1.7460	1.7500	1.6340	1.4300	1.4300	1.4300	1.4300	1.4300	1.4300	1.4300
Spring	1.8700	1.9500	1.7100	1.4400	1.4400	1.4600	1.4600	1.4600	1.5700	1.5700
Spring Branch	1.8100	1.8100	1.8100	1.2850	1.3825	1.3945	1.3945	1.3945	1.3945	1.3945
Tomball	1.7300	1.7100	1.5800	1.2750	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600

* Name change in FY2009 from North Harris Montgomery Community College

**Houston ISD annexed North Forest effective July 1, 2013.

Table 9

**HARRIS COUNTY, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(amounts in thousands)
(Unaudited)**

Taxpayers	2014			2005		
	2013 Taxable Valuations (a)	Rank	Percentage of Total 2013 Taxable Valuation (b)	2004 Taxable Valuations (a)	Rank	Percentage of Total 2004 Taxable Valuation (c)
Exxon Mobil Corporation	\$ 3,100,681	1	0.98%	\$ 2,887,139	1	1.49%
Centerpoint Energy, Inc.	2,934,118	2	0.93	2,325,222	2	1.20
Shell Oil Company	2,226,750	3	0.70	1,421,282	3	0.73
Chevron Chemical Company	1,970,423	4	0.62	598,246	7	0.31
Crescent Real Estate	1,426,420	5	0.45	441,402	10	0.23
Hewlett Packard Company	1,137,552	6	0.36	346,036	14	0.18
Equistar Chemicals LP	1,124,773	7	0.36	976,266	5	0.50
National Oilwell Inc	1,038,569	8	0.33	-		0.00
Lyondell Chemical	856,194	9	0.27	582,262	8	0.30
Walmart	854,073	10	0.27	-		0.00
AT&T Mobility LLC	756,601	11	0.24	-		0.00
Halliburton Company	624,271	12	0.20	-		0.00
Valero Energy Corporation	607,550	13	0.19	-		0.00
Continental Airlines Inc. (d)	583,141	14	0.18	351,538	13	0.18
TPG 2101 Citywest 1 & 2 LP	564,179	15	0.18	-		0.00
Southwestern Bell Telephone	-		0.00	1,009,651	4	0.52
Hines Interests Ltd Partnership	-		0.00	867,174	6	0.45
Anhueser Busch Incorporated	-		0.00	482,235	9	0.25
Oxy Vinlys LP	-		0.00	383,015	11	0.20
Lyondell-Citgo Refining Company	-		0.00	356,395	12	0.18
Rohm & Haas Co.	-		0.00	333,377	15	0.17
Total	\$ 19,805,295		6.26%	\$ 13,361,240		6.89%

Source: Harris County Appraisal District.

- (a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.
- (b) Based on the County's total taxable value as of February 28, 2014.
- (c) Based on the County's total taxable value as of February 28, 2005.
- (d) Continental Airlines Inc. is now a wholly owned subsidiary of United Continental Holdings, Inc.

Table 10

**HARRIS COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
(EXCEPT FLOOD CONTROL DISTRICT)**

**LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Adjusted Levy as of End of Current Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years*</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2005	\$ 793,759	\$ 762,048	\$ 740,302	93.3%	\$ 18,182	\$ 758,484	99.5%
2006	796,885	820,054	719,922	90.3	96,934	816,856	99.6
2007	887,598	903,787	793,835	89.4	106,652	900,487	99.6
2008	929,929	991,467	910,828	97.9	77,071	987,899	99.6
2009	1,089,141	1,085,714	981,807	90.1	99,413	1,081,220	99.6
2010	1,114,429	1,101,490	1,036,477	93.0	59,564	1,096,041	99.5
2011	1,058,623	1,049,855	987,684	93.3	56,767	1,044,451	99.5
2012	1,081,861	1,072,849	1,022,187	94.5	43,855	1,066,042	99.4
2013	1,160,905	1,152,286	1,100,588	94.8	40,814	1,141,402	99.1
2014	1,308,910	1,308,910	1,247,389	95.3	-	1,247,389	95.3

* For reporting purposes refunds associated with a prior year are netted against the prior year collections.

Table 11

**HARRIS COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
FLOOD CONTROL DISTRICT**

**LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

Fiscal Year	Taxes Levied for the Fiscal Year	Adjusted Levy as of End of Current Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 64,263	\$ 64,142	\$ 61,911	96.3%	\$ 1,931	\$ 63,842	99.5%
2006	64,981	67,103	60,008	92.3	6,823	66,831	99.6
2007	70,782	71,484	62,680	88.6	8,542	71,222	99.6
2008	72,083	76,808	69,058	95.8	7,519	76,577	99.7
2009	84,057	83,792	74,344	88.4	9,091	83,435	99.6
2010	80,534	79,576	74,798	92.9	4,368	79,166	99.5
2011	77,374	76,734	72,089	93.2	4,231	76,320	99.5
2012	75,400	74,821	71,159	94.4	3,105	74,264	99.3
2013	78,616	78,105	74,486	94.7	2,760	77,246	98.9
2014	86,158	86,158	82,041	95.2	-	82,041	95.2

* For reporting purposes refunds associated with a prior year are netted against the prior year collections.

HARRIS COUNTY, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income (b)	Debt Per Capita (b)
	General Bonded Debt (a)	Commercial Paper	Capital Leases	Notes Payable	Loan Payable	Senior Lien Revenue Bonds	Tax Bonds	Commercial Paper	Capital Leases			
2005	\$ 2,048,286	\$ 151,698	\$ 30,219	\$ 24,294	\$ -	\$ 1,158,365	\$ 864,606	\$ 39,960	\$ -	\$ 4,317,428	3.04%	\$ 1,185
2006	1,978,755	346,945	28,691	23,136	-	1,349,012	833,771	-	-	4,560,310	2.91%	1,235
2007	2,418,906	242,585	27,384	2,796	-	1,459,430	800,597	12,610	-	4,964,308	2.79%	1,277
2008	2,344,035	388,940	25,431	1,480	-	1,445,874	774,022	67,000	-	5,046,782	2.60%	1,282
2009	2,559,589	229,138	23,266	78	-	1,736,115	737,884	-	-	5,286,070	2.78%	1,327
2010	2,472,430	332,048	21,368	-	9,643	2,181,754	684,331	-	-	5,701,574	2.90%	1,401
2011	2,616,505	343,163	19,448	-	5,620	2,145,452	630,531	-	186	5,760,905	3.13%	1,408
2012	2,759,938	214,463	17,040	-	12,654	2,102,874	572,482	-	124	5,679,575	2.78%	1,359
2013	2,698,883	258,593	15,101	-	23,956	2,054,701	501,258	-	62	5,552,554	2.47%	1,305
2014	2,674,340	328,818	13,014	-	34,081	1,990,670	448,327	-	-	5,489,250	n/a	1,266

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) See Table 13 for detail of general bonded debt.

(b) See Table 17 for personal income and population data. These ratios are calculated using the personal income and population for the prior year calendar year.

Table 13

HARRIS COUNTY, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding				Less: Restricted for Debt Payments	Total Net General Bonded Debt	Percentage of Actual Taxable Value of Property (a)	Percentage of Personal Income (b)	Debt Per Capita (b)	Net Debt Per Capita (b)
	General Obligation Bonds	Tax and Subordinate Lien Revenue Bonds	Certificates of Obligation	Total						
2005	\$ 1,721,630	\$ 213,810	\$ 112,846	\$ 2,048,286	\$ 153,846	\$ 1,894,440	1.05%	1.44%	\$ 562	\$ 520
2006	1,698,587	210,311	69,857	1,978,755	142,250	1,836,505	0.96%	1.26%	536	497
2007	2,147,020	205,176	66,710	2,418,906	151,067	2,267,839	1.07%	1.36%	622	584
2008	2,080,487	201,278	62,270	2,344,035	154,297	2,189,738	0.92%	1.21%	596	556
2009	2,304,952	197,534	57,103	2,559,589	150,777	2,408,812	0.91%	1.35%	642	605
2010	2,264,416	206,074	1,940	2,472,430	155,452	2,316,978	0.87%	1.26%	607	569
2011	2,409,581	205,929	995	2,616,505	137,053	2,479,452	0.96%	1.42%	639	606
2012	2,554,210	205,729	-	2,759,939	136,559	2,623,380	1.00%	1.35%	660	628
2013	2,481,338	217,545	-	2,698,883	190,104	2,508,779	0.93%	1.20%	634	590
2014	2,453,391	220,949	-	2,674,340	230,567	2,443,773	0.84%	n/a	617	563

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) See Table 5 for property value data.

(b) See Table 17 for personal income and population data. These ratios are calculated using the personal income and population for the prior year calendar year.

Table 14

HARRIS COUNTY, TEXAS
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
February 28, 2014
(Unaudited)

	Percentage Applicable To Name of Government	Net Debt (Thousands)
County-Wide Jurisdiction:		
Harris County (2/28/14)	100.00%	\$ 1,874,124
Harris County Flood Control District (2/28/14)	100.00	613,273
Port of Houston Authority (12/31/13)	100.00	717,624
Total County-Wide Direct Debt		<u>3,205,021</u>
Cities:		
Baytown (1/1/14)	80.75	\$ 69,595
Bellaire (9/30/13)	100.00	70,295
Bunker Hill Village (2/18/14)	100.00	13,961
Deer Park (9/30/13)	100.00	27,862
Friendswood (9/30/13)	100.00	16,160
Galena Park (9/30/13)	100.00	6,370
Houston (6/30/13)	99.36	3,287,721
Jersey Village (9/30/13)	100.00	18,487
Katy (2/4/14)	69.19	7,667
La Porte (9/30/13)	100.00	15,060
League City (9/30/13)	5.52	108,994
Missouri City (6/30/13)	8.33	144,943
Pasadena (9/30/13)	100.00	86,733
Pearland (1/31/14)	6.16	289,601
Seabrook (9/30/13)	100.00	15,818
South Houston (9/30/13)	100.00	5,566
Southside Place (2/3/14)	100.00	8,457
Tomball (9/30/13)	100.00	40,147
Webster (10/01/13)	100.00	17,667
West University Place (1/01/14)	100.00	69,631
Other Cities (a)	100.00	16,720
Sub-Total Cities		<u>4,337,455</u>
School Districts and Junior Colleges:		
Aldine (6/30/13)	100.00	543,853
Alief (8/31/13)	100.00	184,529
Channelview (8/31/13)	100.00	230,651
Clear Creek (8/31/13)	80.62	889,853
Crosby (8/31/13)	100.00	116,053
Cypress-Fairbanks (6/30/13)	100.00	1,688,898
Deer Park (6/30/13)	100.00	261,255
Galena Park (8/31/13)	100.00	204,142
Goose Creek (6/30/13)	80.04	292,433
Houston (2/28/14)	100.00	2,415,220
Huffman (6/30/13)	100.00	45,638
Humble (6/30/13)	100.00	599,455
Katy (8/31/13)	88.64	1,257,260
Klein (8/31/13)	100.00	722,463
LaPorte (6/30/13)	100.00	194,228
Lee College (2/28/14)	80.75	50,235
Lone Star College System (8/31/13)	78.67	482,764
Pasadena (8/31/13)	100.00	562,399
Pearland (8/31/13)	2.25	288,648
San Jacinto Junior College (2/28/14)	100.00	285,437
Sheldon (8/31/13)	100.00	145,134
Spring (6/30/13)	100.00	917,594
Spring Branch (6/30/13)	100.00	717,385
Tomball (8/31/13)	88.02	302,739
Waller (2/6/14)	31.68	122,505
Other Schools (b)	100.00	14,055
Sub-Total School Districts and Junior Colleges		<u>13,534,826</u>
Utility Districts (c)	100.00	4,635,666
Total Overlapping Debt		<u>22,507,947</u>
Total Direct and Overlapping Debt (Estimated \$5,929 Per Capita) (d)		<u>\$ 25,712,968</u>

(a) Aggregate net debt of 12 cities, each of which had a net debt of less than \$5,000,000.

(b) Aggregate net debt of 1 school which had a net debt of less than \$25,000,000.

(c) Estimated aggregate net debt of several hundred utility districts. Source: Municipal Advisory Council.

(d) Census Bureau population estimated at 4,336,853. Source: Bureau of the Census.

**HARRIS COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value of All Taxable Property	\$ 410,370,536
Assessed Value of Real Property	<u>\$ 347,626,720</u>
Debt Limit (25% of real property assessed value) (a)	86,906,680
Amount of Debt Applicable to Constitutional Debt Limit:	
Total Bonded Applicable Debt	1,132,947
Less: Debt Service Funds Cash	<u>(137,507)</u>
Total Net Debt Applicable to Limit	<u>995,440</u>
Legal Debt Margin, Bonds Issued Under Article III, Section 52 of the Texas Constitution	<u><u>\$ 85,911,240</u></u>

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 49,844,576	\$ 57,512,650	\$ 62,749,472	\$ 70,312,808	\$ 78,435,050	\$ 79,237,355	\$ 76,784,802	\$ 78,368,988	\$ 81,206,807	\$ 86,906,680
Total Net Debt Applicable to Limit	1,178,759	1,152,955	1,390,672	1,313,108	1,278,101	1,205,427	1,143,838	1,161,111	1,063,108	995,440
Legal Debt Margin	<u>\$ 48,665,817</u>	<u>\$ 56,359,695</u>	<u>\$ 61,358,800</u>	<u>\$ 68,999,700</u>	<u>\$ 77,156,949</u>	<u>\$ 78,031,928</u>	<u>\$ 75,640,964</u>	<u>\$ 77,207,877</u>	<u>\$ 80,143,699</u>	<u>\$ 85,911,240</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	2.36%	2.00%	2.22%	1.87%	1.63%	1.52%	1.49%	1.48%	1.31%	1.15%

(a) The County is authorized under Article III, Section 52 of the State Constitution to issue bonds payable from ad valorem taxes for the construction and maintenance of roads. There is no constitutional or statutory limit as to the rate on bonds issued pursuant to such constitutional provision. However, the amount of bonds which may be issued is limited to 25% of the assessed valuation of real property in the County.

Bonds Issued Under Article VIII, Section 9:

In addition to unlimited tax bonds, the County may issue statutorily authorized bonds payable from the proceeds of a limited ad valorem tax provided for in Article VIII, Section 9 of the State Constitution. Such constitutional provision provides that a county is limited to an ad valorem tax rate of \$0.80 per \$100 of assessed valuation for general fund, permanent improvement fund, road and bridge fund and jury fund purposes.

Certain of the County's bonds payable from such limited tax may be issued under the provisions of Chapter 2, Title 22, Vernon's Texas Civil Statutes. The principal amount of all bonds, which may be issued under the provisions of such Chapter, is limited in aggregate to 5% of the assessed valuation. The debt limit under Chapter 2, Title 22 is approximately \$20,518,527 compared to applicable bonds outstanding at February 28, 2014 of \$-0-.

Bonds Issued Under Article XVI, Section 59:

The Harris County Flood Control District issues bonds pursuant to Article XVI, Section 59 of the State Constitution. No limits are prescribed in such constitutional provision; however, Chapter 407, Acts of 50th Legislature of Texas, Regular Session 1947 provides for a tax limit of \$0.30 per \$100 of taxable valuation for operational and debt service funds. A tax of \$0.02827 per \$100 of taxable value, which includes \$0.00207 per \$100 of taxable value for debt service, was levied by the Flood Control District in tax year 2013.

**HARRIS COUNTY, TEXAS
REVENUE BOND COVERAGES
LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

Fiscal Year	Gross Revenues	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
			Principal	Interest	Total	
<u>TOLL ROAD REVENUE BONDS</u>						
2005	\$ 317,712	\$ 317,712	\$ 19,920	\$ 55,467	\$ 75,387	4.21
2006	350,342	350,342	20,890	69,042	89,932	3.90
2007	394,605	394,605	23,000	70,691	93,691	4.21
2008	430,154	430,154	26,460	67,760	94,220	4.57
2009	443,010	443,010	28,120	66,129	94,249	4.70
2010	456,712	456,712	34,460	101,877	136,337	3.35
2011	482,198	482,198	37,645	98,031	135,676	3.55
2012	525,353	525,353	44,405	95,934	140,339	3.74
2013	560,713	560,713	58,090	89,770	147,860	3.79
2014	609,966	609,966	53,795	87,537	141,332	4.32

Table 17

**HARRIS COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(Unaudited)**

Calendar Year	Population	Unemployment Rate	Personal Income (amounts in thousands)	Per Capita Personal Income
2004	3,644,285	5.9%	\$ 142,229,854	\$ 39,028
2005	3,693,050	5.4%	156,920,733	42,491
2006	3,886,207	4.0%	178,160,838	45,844
2007	3,935,855	4.2%	194,177,877	49,336
2008	3,984,349	5.5%	190,226,395	47,743
2009	4,070,989	8.1%	196,779,227	48,337
2010	4,092,459	8.3%	183,899,347	44,936
2011	4,178,574	7.2%	204,593,445	48,963
2012	4,253,700	6.0%	224,617,980	52,805
2013	4,336,853	5.5%	n/a	n/a

Sources: Population - Bureau of the Census
Unemployment Rate - Texas Workforce Commission
Personal Income - Bureau of Economic Analysis

Table 18

**HARRIS COUNTY, TEXAS
PRINCIPAL CORPORATE EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO*
(amounts in thousands)
(Unaudited)**

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
National Oilwell Varco Inc.	14,581	1	0.51%			
Exxon Mobil	13,200	2	0.46%	5,800	9	0.25%
Shell Oil Company	12,500	3	0.44%	7,920	6	0.34%
Cameron International Corp	11,000	4	0.39%			
Halliburton	8,600	5	0.30%	14,000	1	0.59%
Schlumberger Ltd.	8,400	6	0.29%			
Baker Hughes	8,000	7	0.28%			
JP Morgan Chase	7,500	8	0.26%	5,500	10	0.23%
BP America Inc	7,000	9	0.25%			
Chevron Companies	7,000	9	0.25%			
Diamond Offshore	5,300	10	0.19%			
Hewlett-Packard Co. (includes acquisition of Compaq Computer in 2001)				9,000	4	0.38%
Continental Airlines				13,000	2	0.55%
SBC (Southwestern Bell Telephone)				6,900	8	0.29%
Reliant Energy (Houston Industries)				9,500	3	0.40%
Lyondell Chemical Company				7,435	7	0.32%
BP Amoco				8,000	5	0.34%
	103,081			87,055		

* Based on calendar year.

Source: Houston Business Journal, Business First Survey/Greater Houston Partnership/HBJ

Note: Total County Employment for 2013 was an estimated 2,853,000 (based on prior year employment figures) and for 2004 was 2,354,180.

Table 19

HARRIS COUNTY, TEXAS
FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration of Justice	8,554	8,380 (a)	8,168	8,740	9,425	9,308	8,779	8,462	8,723	9,290
Parks	*	715	706	732	787	797	670	625	675	700
County Administration	2,787	2,726	2,871	3,024	3,339	3,161	3,032	2,901	2,957	3,021
Health and Human Service:	*	1,613	1,604	1,706	1,796	1,718	1,467	1,385	1,326	1,334
Flood Control	342	312	333	325	354	374	335	308	290	300
Tax Administration	442	428	426	435	428	415	378	341	340	349
Roads and Bridges	837	782	779	807	856	914	597	561	536	550
Other *	2,441	*	*	*	*	*	*	*	*	*

* Prior to 2006, the Parks and Health and Human Services functions were grouped as other on this schedule.

(a) Beginning in FY 2006, the Administration of Justice function no longer included Community Supervision employees, who are currently considered employees of the State of Texas.

Note: (1) As of February 28, 2014, it is estimated that approximately 2,533 of the County's employees were members of various labor organizations, some of which are unions affiliated with the AFL-CIO. The County does not maintain collective bargaining agreements with any unions.

(2) This schedule represents the number of County employees at the end of each fiscal year.

Table 20

**HARRIS COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function/Program</u>	<u>Fiscal Years</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Administration of Justice</u>										
Law Enforcement Vehicles	2,013	1,988	1,739	1,753	2,117	2,043	1,938	2,000	2,096	1,932
Jail Facilities (Incl. Only Jails Owned by County)	2	2	2	2	2	2	2	2	2	2
Juvenile Probation Facilities (Incl. Only County Owned Facilities)	5	5	5	5	5	5	5	5	5	5
Forensic Center	1	1	1	1	1	1	1	1	1	1
<u>Parks</u>										
Number of Active Parks	119	118	129	129	145	147	147	151	167	162
<u>County Administration</u>										
Stadiums	2	2	2	2	2	2	2	2	2	2
Exhibition Center	1	1	1	1	1	1	1	1	1	1
Arena	1	1	1	1	1	1	1	1	1	1
Ferries	2	2	2	2	2	2	2	2	2	2
<u>Health and Human Services</u>										
Libraries (Incl. Only Library Buildings Owned by County)	19	19	19	19	18*	18*	18*	18*	19	19
Veterinary Public Health Shelter	1	1	1	1	1	1	1	1	1	1
<u>Flood Control</u>										
Sites by Acreage (Incl. Easements and Fee Simple Ownership)										
Basins	11,403	12,309	13,192	14,866	15,361	15,467	15,724	16,081	16,107	16,298
Buyouts	640	763	776	825	845	880	931	958	1,016	1,034
Channels	20,661	20,704	20,753	20,799	20,832	20,858	20,935	21,117	21,143	21,236
<u>Roads and Bridges</u>										
Road Miles	5,784	6,073	6,307	6,194	6,564	6,317	6,454	6,425	6,531	6,639
Bridge Miles	24	24	24	22	24	33	23	34	33	34
<u>Toll Road</u>										
Road Miles	85	96	103	103	107	107	115	128	125	120
Lane Miles	479	491	491	550	556	556	598	676	631	634

Source: Various County Departments.

* Evelyn Meador Library excluded from total due to damage from Hurricane Ike. Evelyn Meador Library reopened in June 2011.

Table 21

**HARRIS COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

Function/Program	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administration of Justice										
District Courts*										
Criminal Courts- Cases Filed with District Clerk	41,802	43,284	44,642	49,975	51,318	52,803	51,490	46,034	51,733	51,244
Civil Courts- Cases Filed with District Clerk	30,513	35,192	38,293	38,164	36,364	34,970	41,681	47,908	53,681	56,424
Family and Juv. Courts- Cases Filed with District Clerk	70,151	74,380	74,431	74,253	74,785	74,325	72,055	71,369	78,988	67,968
County Courts										
Criminal Courts- New Cases Filed*	64,226	68,402	74,599	79,638	76,108	75,113	82,328	78,946	84,126	79,879
Civil Courts- New Cases Filed	22,488	21,148	20,730	28,038	27,768	20,984	21,849	29,381	23,897	18,021
Civil Courts- New Instruments Filed	412,077	430,693	517,076	539,356	573,032	475,899	466,433	534,960	430,236	296,144
Justices of the Peace Courts										
Criminal Filings	571,917	526,593	529,839	489,483	455,400	444,797	448,608	424,138	419,476	467,723
Civil Filings	74,080	73,872	78,893	82,047	100,452	100,822	88,478	91,401	93,275	93,877
Fire Marshal										
Fire Safety Inspections	1,197	1,250	1,450	4,475	7,298	8,156	12,049	9,595	8,239	10,042
Constables										
Traffic Tickets Issued	186,282	114,479	116,449	131,041	131,921	131,472	146,170	125,403	134,999	160,425
Civil Papers Executed	455,788	449,431	533,013	519,572	509,788	485,252	505,403	469,704	438,334	427,542
Criminal Warrants Executed	188,698	187,578	176,849	215,635	146,918	142,752	144,198	157,101	131,804	115,335
Juvenile Probation										
Juvenile Probation Referrals	23,600	25,459	23,939	24,918	22,872	20,225	19,581	17,275	15,950	14,244
Average Daily Population at Facilities	707	685	691	691	732	687	612	567	464	478
Sheriff										
Jail Prisoners, Average/Day	7,337	8,397	8,882	8,929	9,723	10,988	11,064	10,249	9,277	8,611
District Attorney										
Cases Filed DA Intake	97,478	102,775	114,879	114,588	113,353	112,676	117,968	113,697	113,517	103,251
Medical Examiner										
Harris County Autopsies**	2,828	2,862	3,073	4,198	4,199	4,199	3,859	3,858	3,678	4,158
Cases Investigated	12,586	12,291	13,911	15,304	16,357	16,357	9,321	9,290	9,209	10,132
Parks										
Precincts										
Number of Park Concessionaire Agreements	68	68	68	72	74	75	77	79	81	81
Number of Bus Trips ***	5,200	7,790	8,077	7,582	8,454	8,494	7,767	8,810	7,961	8,063
County Administration										
County Auditor										
Accounts Payable Checks and EFTs Issued *****	147,002	131,727	133,058	132,026	129,257	128,011	127,165	125,359	110,976	109,264
Payroll Checks/Direct Deposit/Pay Cards Processed	371,318	386,570	393,550	397,124	425,197	438,695	453,387	428,945	396,855	400,245
Audit Chargeable Service Hours	23,763	24,629	25,901	23,811	26,375	17,255	21,394	17,861	18,501	24,709
Purchasing										
Number of Purchase Orders Issued (for Harris County)	16,250	16,319	16,725	19,526	21,904	23,603	22,386	16,332	15,414	15,500
Management Services										
Tort Claims Incidents	2,492	2,286	2,235	2,067	2,231	2,603	2,452	2,455	2,552	2,695
Information Technology Center										
Traffic on Harris County Web Sites	36,087,044	65,000,000	130,082,793	225,005,194	223,675,416	250,830,197	257,908,836	265,887,822	205,115,853	256,117,211
County Clerk										
Marriage and Informal Marriage Licenses	32,660	33,178	32,714	32,859	33,027	32,406	29,947	31,132	33,136	33,344
Real Property Filings	957,740	858,236	832,821	860,798	736,403	601,263	582,386	561,177	554,367	607,421
Assumed Name Certificates (DBAs)	76,916	75,717	68,135	66,630	66,909	62,255	62,424	62,193	64,156	61,868

Table 21

**HARRIS COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

Function/Program	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Health and Human Services										
Public Health and Environmental Services										
Food Inspections	15,652	15,000	16,213	15,788	15,948	16,285	17,557	17,728	18,185	16,461
Animals Adopted	1,900	1,855	2,685	2,334	2,283	1,979	1,665	1,289	1,569	1,428
Protective Services for Children & Adults										
Children in Conservatorship at Year End (August)	3,674	4,393	4,953	5,180	5,108	4,962	5,640	5,629	4,857	4,547
Adults Served by the Guardianship Program	1,314	1,365	1,398	1,406	1,431	1,447	1,451	1,422	1,400	1,334
County Library										
Library Program Attendance	228,005	262,211	284,973	351,869	417,712	384,175	419,894	432,987	413,516	415,304
Library Books/Materials Circulated	8,775,334	10,000,000	10,724,945	10,958,109	11,096,150	10,834,511	11,485,172	11,095,065	11,171,002	10,505,490
Flood Control										
Developer Plans Approved- Watershed Mgt.	976	1,114	1,221	1,467	1,578	1,713	1,833	1,831	2,051	2,078
Citizen Services Requests	1,980	2,393	2,681	2,948	2,573	2,476	2,479	1,738	1,393	1,847
Tax Administration										
Tax Assessor-Collector										
Tax Account/Statements	1,316,006	1,417,878	1,431,975	1,452,912	1,505,318	1,531,794	1,544,299	1,546,433	1,552,717	1,559,181
Auto Licenses/Registrations	2,837,285	2,866,994	2,959,176	3,107,456	3,219,906	3,332,920	3,307,065	3,281,378	3,504,597	3,498,655
Beer and Wine Licenses Issued	7,566	7,915	7,526	7,106	6,775	6,859	6,675	3,946	3,700	3,626
Liquor Licenses Issued	3,176	3,167	3,062	4,901	6,973	5,085	4,806	4,703	5,796	5,026
Voter Registration	1,807,933	1,842,625	1,880,749	1,780,271	1,835,385	1,868,588	1,891,033	1,852,463	1,892,314	1,935,268
Roads and Bridges										
Engineering Department										
Traffic Studies/Counts	375	583	848	827	618	676	586	681	591	835
Road Crossing Inspections ****	1,660	1,676	2,026	2,156	1,738	1,738	1,240	1,426	1,338	1,312
Road Crossing Permits ****	820	838	1,013	1,078	869	869	620	713	669	656
Toll Road										
Traffic Transactions	289,080,403	284,865,914	297,237,479	359,952,935	375,731,726	353,948,710	371,245,774	380,664,408	408,307,389	428,226,811

Source: Various County Departments

* Criminal Courts - Incoming Cases Include: Misdemeanor Indictments, Felony Indictments, Complaints, Motion to Revoke Probation and Motions to Adjudicate and Order for New Trials.
 Civil Courts - Includes Tax Cases. Also includes bond forfeiture actions (as of 2011).
 Family & Juv. Courts - Includes CPS and Delinquency Cases, including Motions to Revoke Probation and Motions to Adjudicate Guilt.

**Harris County Autopsies - includes autopsies and external exams.

*** Not all the data was available for bus trips for fiscal year 2004.

**** 2011 number was corrected by the department.

***** 2012 number was corrected by the department. Based on available data it appears that the reduction in recent years is due to a change in how electronic funds transfers related to payroll are counted.

**HARRIS COUNTY, TEXAS
TABLE OF TAX DEBT OUTSTANDING
(Unaudited)**

	<u>County's Total Outstanding Tax Debt (a)</u>
Limited Tax Debt	\$ 1,016,961,607
Unlimited Tax Debt	700,407,098
Flood Control	563,895,000
Toll Road Tax Bonds	<u>432,540,000</u>
Total	\$ 2,713,803,705
Less: Toll Road Tax Bonds	<u>(432,540,000)</u>
Total (Approximately 0.56% of 2013 Assessed Value)	<u><u>\$ 2,281,263,705</u></u>

(a) Excluding Flood Control District debt of \$92,935,000 paid for by the District's ad valorem tax revenues. Amounts expressed at gross value, not considering unamortized premium or discount or accretion of capital appreciation bonds.

**HARRIS COUNTY, TEXAS
TABLE OF HISTORICAL TAX DEBT OUTSTANDING
(Unaudited)**

The following table sets forth the County's ad valorem tax debt outstanding, as of the end of the Fiscal years 2004-2005 through 2013-14.

Fiscal Year	County's Debt Outstanding (a) (thousands)	Taxable Value (b) (thousands)	Outstanding as a Percentage of Taxable Value	Estimated Population (c)	Debt Outstanding Per Capita	Per Capita Excluding Toll Road
2005	\$ 2,258,539	\$ 194,263,945	1.16%	3,644,285	\$ 620	\$ 423
2006	2,522,538	206,346,375	1.22	3,693,050	683	490
2007	2,856,915	225,237,250	1.27	3,886,207	735	530
2008	2,768,709	254,222,756	1.09	3,935,855	703	531
2009	2,981,996	282,177,265	1.06	3,984,349	748	581
2010	2,854,982	285,090,656	1.00	4,070,989	701	548
2011	2,925,447	273,032,156	1.07	4,092,459	715	572
2012	2,990,172	276,716,398	1.08	4,178,574	716	587
2013	2,825,047	290,501,987	0.97	4,253,700	664	551
2014	2,713,804	316,521,841	0.86	4,336,853	626	526

- (a) Includes debt paid for by the County's ad valorem tax revenues. Excludes Flood Control debt paid by District's ad valorem tax revenues.
- (b) Taxable values are net of exemptions and abatements. Property is assessed at 100% of appraised value.
- (c) Source: Bureau of the Census.

HARRIS COUNTY, TEXAS
TABLE OF COUNTY-WIDE AD VALOREM TAX DEBT SERVICE REQUIREMENTS
(Unaudited)
(amounts in thousands)

Fiscal Year	Limited Tax Debt			Unlimited Tax Debt			Toll Road Unlimited Tax & Subordinate Lien Revenue Bonds			Flood Control (a)			Total County-Wide Tax Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 59,053	\$ 51,174	\$ 110,227	\$ 18,633	\$ 32,302	\$ 50,935	\$ 62,770	\$ 20,086	\$ 82,856	\$ 13,025	\$ 32,932	\$ 45,957	\$ 153,481	\$ 136,494	\$ 289,975
2016	60,982	49,472	110,454	24,203	31,714	55,917	40,685	17,832	58,517	9,785	32,420	42,205	135,655	131,438	267,093
2017	69,832	47,663	117,495	23,609	31,025	54,634	26,380	16,419	42,799	9,045	31,961	41,006	128,866	127,068	255,934
2018	67,021	45,252	112,273	28,037	30,316	58,353	26,610	15,128	41,738	9,450	31,530	40,980	131,118	122,226	253,344
2019	69,071	42,999	112,070	42,605	29,352	71,957	27,445	13,742	41,187	24,245	31,058	55,303	163,366	117,151	280,517
2020	62,981	40,510	103,491	38,010	27,234	65,244	28,345	12,278	40,623	40,100	29,791	69,891	169,436	109,813	279,249
2021	71,205	29,097	100,302	42,690	25,338	68,028	29,285	10,765	40,050	40,655	27,704	68,359	183,835	92,904	276,739
2022	94,365	25,823	120,188	25,405	23,251	48,656	19,445	9,486	28,931	45,170	25,664	70,834	184,385	84,224	268,609
2023	55,290	21,501	76,791	65,540	22,007	87,547	20,240	8,449	28,689	45,290	23,298	68,588	186,360	75,255	261,615
2024	51,326	30,460	81,786	67,495	18,830	86,325	20,700	7,385	28,085	46,605	21,033	67,638	186,126	77,708	263,834
2025	82,932	28,826	111,758	59,370	15,522	74,892	21,165	6,297	27,462	17,055	18,703	35,758	180,522	69,348	249,870
2026	38,854	25,208	64,062	43,075	12,640	55,715	12,070	5,430	17,500	33,255	17,837	51,092	127,254	61,115	188,369
2027	52,500	11,021	63,521	43,075	10,486	53,561	12,090	4,796	16,886	34,255	16,175	50,430	141,920	42,478	184,398
2028	53,375	8,375	61,750	43,075	8,333	51,408	12,115	4,161	16,276	35,280	14,462	49,742	143,845	35,331	179,176
2029	33,065	20,171	53,236	43,070	6,304	49,374	12,135	3,524	15,659	35,735	12,730	48,465	124,005	42,729	166,734
2030	23,410	4,290	27,700	32,645	4,275	36,920	12,160	2,886	15,046	33,940	10,975	44,915	102,155	22,426	124,581
2031	24,405	3,095	27,500	29,935	2,768	32,703	12,185	2,247	14,432	36,705	9,197	45,902	103,230	17,307	120,537
2032	25,485	1,848	27,333	29,935	1,384	31,319	12,210	1,607	13,817	37,225	7,362	44,587	104,855	12,201	117,056
2033	21,810	545	22,355	-	-	-	12,240	965	13,205	11,520	5,500	17,020	45,570	7,010	52,580
2034	-	-	-	-	-	-	12,265	322	12,587	12,095	4,925	17,020	24,360	5,247	29,607
2035	-	-	-	-	-	-	-	-	-	12,700	4,320	17,020	12,700	4,320	17,020
2036	-	-	-	-	-	-	-	-	-	13,335	3,685	17,020	13,335	3,685	17,020
2037	-	-	-	-	-	-	-	-	-	14,005	3,018	17,023	14,005	3,018	17,023
2038	-	-	-	-	-	-	-	-	-	14,705	2,318	17,023	14,705	2,318	17,023
2039	-	-	-	-	-	-	-	-	-	15,440	1,582	17,022	15,440	1,582	17,022
2040	-	-	-	-	-	-	-	-	-	16,210	810	17,020	16,210	810	17,020
Total	\$ 1,016,962	\$ 487,330	\$ 1,504,292	\$ 700,407	\$ 333,081	\$ 1,033,488	\$ 432,540	\$ 163,805	\$ 596,345	\$ 656,830	\$ 420,990	\$ 1,077,820	\$ 2,806,739	\$ 1,405,206	\$ 4,211,945

(a) Includes Flood Control District debt paid for by the District's ad valorem tax revenues and debt paid for by the County's ad valorem tax revenues as a result of refunded commercial paper.

Table 25

HARRIS COUNTY, TEXAS
TABLE OF COUNTY-WIDE BONDED DEBT SERVICE REQUIREMENTS
(Unaudited)
(amounts in thousands)

Fiscal Year	County-Wide Tax Debt (a)			Toll Road Senior Lien Revenue Bonds			Total County-Wide Bonded Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 153,481	\$ 136,494	\$ 289,975	\$ 53,795	\$ 87,537	\$ 141,332	\$ 207,276	\$ 224,031	\$ 431,307
2016	135,655	131,438	267,093	57,025	85,702	142,727	192,680	217,140	409,820
2017	128,866	127,068	255,934	67,205	84,162	151,367	196,071	211,230	407,301
2018	131,118	122,226	253,344	70,600	81,926	152,526	201,718	204,152	405,870
2019	163,366	117,151	280,517	71,735	79,230	150,965	235,101	196,381	431,482
2020	169,436	109,813	279,249	75,435	76,142	151,577	244,871	185,955	430,826
2021	183,835	92,904	276,739	78,475	72,559	151,034	262,310	165,463	427,773
2022	184,385	84,224	268,609	84,015	68,728	152,743	268,400	152,952	421,352
2023	186,360	75,255	261,615	59,910	65,303	125,213	246,270	140,558	386,828
2024	186,126	77,708	263,834	62,275	62,358	124,633	248,401	140,066	388,467
2025	180,522	69,348	249,870	64,735	59,292	124,027	245,257	128,640	373,897
2026	127,254	61,115	188,369	65,530	56,090	121,620	192,784	117,205	309,989
2027	141,920	42,478	184,398	63,930	52,860	116,790	205,850	95,338	301,188
2028	143,845	35,331	179,176	62,420	49,712	112,132	206,265	85,043	291,308
2029	124,005	42,729	166,734	66,080	46,528	112,608	190,085	89,257	279,342
2030	102,155	22,426	124,581	69,925	43,181	113,106	172,080	65,607	237,687
2031	103,230	17,307	120,537	81,915	39,466	121,381	185,145	56,773	241,918
2032	104,855	12,201	117,056	86,295	35,356	121,651	191,150	47,557	238,707
2033	45,570	7,010	52,580	90,005	31,043	121,048	135,575	38,053	173,628
2034	24,360	5,247	29,607	95,260	26,638	121,898	119,620	31,885	151,505
2035	12,700	4,320	17,020	104,285	22,069	126,354	116,985	26,389	143,374
2036	13,335	3,685	17,020	109,240	17,359	126,599	122,575	21,044	143,619
2037	14,005	3,018	17,023	42,830	13,711	56,541	56,835	16,729	73,564
2038	14,705	2,318	17,023	31,905	11,874	43,779	46,610	14,192	60,802
2039	15,440	1,582	17,022	33,545	10,238	43,783	48,985	11,820	60,805
2040	16,210	810	17,020	20,145	8,896	29,041	36,355	9,706	46,061
2041	-	-	-	20,810	7,855	28,665	20,810	7,855	28,665
2042	-	-	-	14,030	6,950	20,980	14,030	6,950	20,980
2043	-	-	-	17,885	6,116	24,001	17,885	6,116	24,001
2044	-	-	-	18,680	5,164	23,844	18,680	5,164	23,844
2045	-	-	-	19,520	4,169	23,689	19,520	4,169	23,689
2046	-	-	-	20,505	3,126	23,631	20,505	3,126	23,631
2047	-	-	-	21,340	2,036	23,376	21,340	2,036	23,376
2048	-	-	-	22,325	897	23,222	22,325	897	23,222
2049	-	-	-	3,100	238	3,338	3,100	238	3,338
2050	-	-	-	3,200	80	3,280	3,200	80	3,280
Total	\$ 2,806,739	\$ 1,405,206	\$ 4,211,945	\$ 1,929,910	\$ 1,324,591	\$ 3,254,501	\$ 4,736,649	\$ 2,729,797	\$ 7,466,446

(a) See Table 24 for more detail of Tax Debt Service Requirements.

Harris County, Texas
Table of County-Wide Authorized but Unissued Bonds
(Unaudited)
(Amounts in Thousands)

As of February 28, 2014, the following County-wide ad valorem tax bonds authorized by the voters at elections held in September, 1983, November, 1999, November, 2001 and November, 2007 remain unissued.

The Table reflects the County's use of voted authority when it issues general obligation commercial paper notes pursuant to its Series B (parks and libraries) and Series C (roads and bridges) programs.

County Ad Valorem Tax Bonds

Limited Tax:		
Civil Justice Center	\$ 33,000	
Parks	50,500	
Forensic Lab	80,000	
Family Law Center	70,000	
Joint Processing Center	70,000	
Total Limited Tax Bonds	\$ 303,500	
Unlimited Tax:		
Road Bonds	90,077	
Total Unlimited Tax Bonds	90,077	
Combination Unlimited Tax and Revenue:		
Toll Roads	15,148	
Total Unlimited Tax and Revenue Bonds	15,148	
Harris County Flood Control District Limited Tax Bonds	-	
Total Harris County Ad Valorem Tax Bonds	408,725	
Total Authorized but Unissued Bonds		\$ 408,725

HARRIS COUNTY, TEXAS
TABLE OF OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2014-2015
(Unaudited)

On February 11, 2014 the Commissioners Court adopted the budget for the County for the Fiscal Year 2014-2015. The Fiscal Year 2015 budget included appropriations for some capital projects, which are financed from current revenues. The following is a summary of the Fiscal Year 2014-2015 budget for the County's Current Operating Fund:

Cash Balance as of March 1, 2014	\$ 394,109,377
Estimated Revenues:	
Ad Valorem and Miscellaneous Taxes	1,152,761,091
Charges for Services	213,643,698
Fines and Forfeitures	19,836,535
Intergovernmental Revenues	38,968,665
Interest	1,019,172
Other	46,961,925
Total Cash and Estimated Revenues	<u>\$ 1,867,300,463</u>
Appropriations:	
Current Operating Expenses	\$ 1,842,216,688
Capital Outlay:	
Roads	12,383,073
Parks	11,781,587
Office/Courts	919,115
Total Appropriations	<u>\$ 1,867,300,463</u>

**HARRIS COUNTY, TEXAS
TABLE OF COUNTY CAPITAL PROJECTS FUNDS BUDGETING
(Unaudited)**

County Capital Projects Funds are used to construct roads, office and court buildings, jails, juvenile home facilities, parks and libraries. Cash and investments on hand in the Capital Projects Funds at February 28, 2014 derived from the sale of bonds and the investment income thereon, are designated to be spent over a period of several years for the following purposes:

Roads	\$ 116,551,753
Permanent Improvements	28,332,042
Flood Control	<u>152,096,445</u>
Total	<u><u>\$ 296,980,240</u></u>

Table 29

**HARRIS COUNTY, TEXAS
BALANCE SHEET
GENERAL FUND SUB-FUNDS
February 28, 2014**

	<u>General Operating</u>	<u>Public Contingency</u>	<u>Mobility Fund</u>	<u>General Debt</u>	<u>Other</u>	<u>Total General Fund</u>
ASSETS						
Cash and investments:						
Cash and cash equivalents	\$ 165,726,472	\$ 32,133,030	\$138,098,269	\$ -	\$ 813,624	\$ 336,771,395
Investments	155,489,204	11,642,131	117,549,550	-	717,950	285,398,835
Receivables:						
Taxes, net	61,063,538	503,432	-	4,857,267	-	66,424,237
Accounts	7,853,776	-	-	-	-	7,853,776
Accrued interest	11,843,426	43,796	103,122	576	630	11,991,550
Capital leases	246,300	-	-	-	-	246,300
Other	23,462,597	7,472	-	71,158	-	23,541,227
Due from other funds	57,191,966	-	500	2,851	338,640	57,533,957
Prepays and other assets	2,080,436	-	-	8,732	-	2,089,168
Inventories	3,005,136	-	-	-	-	3,005,136
Advances to other funds	40,000	-	-	-	-	40,000
Restricted cash and cash equivalents	-	-	-	31,318,170	-	31,318,170
Restricted investments	-	-	-	140,995,172	-	140,995,172
Note receivable	14,273,444	-	-	-	-	14,273,444
Total assets	<u>\$ 502,276,295</u>	<u>\$ 44,329,861</u>	<u>\$255,751,441</u>	<u>\$177,253,926</u>	<u>\$ 1,870,844</u>	<u>\$ 981,482,367</u>
LIABILITIES						
Vouchers payable	\$ 32,223,487	\$ -	\$ 7,457,734	\$ 305,753	\$ 522,875	\$ 40,509,849
Accrued payroll and compensated absences	57,894,703	-	514,865	-	-	58,409,568
Retainage payable	220,364	-	711,680	-	108,252	1,040,296
Due to other funds	236,513	-	-	-	-	236,513
Other liabilities	40,628	-	-	-	-	40,628
Advances from other funds	22,934,097	-	-	-	-	22,934,097
Unearned revenue	8,412,309	-	-	-	-	8,412,309
Total liabilities	<u>121,962,101</u>	<u>-</u>	<u>8,684,279</u>	<u>305,753</u>	<u>631,127</u>	<u>131,583,260</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	28,784,653	-	-	-	-	28,784,653
Unavailable revenues - other	13,282,793	-	-	-	338,640	13,621,433
Total deferred inflows of resources	<u>42,067,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,640</u>	<u>42,406,086</u>
FUND BALANCES						
Nonspendable	5,125,572	-	-	8,732	-	5,134,304
Restricted	4,533,627	-	247,067,162	176,939,441	831,660	429,371,890
Committed	2,438,223	-	-	-	69,417	2,507,640
Assigned	14,622,478	-	-	-	-	14,622,478
Unassigned	311,526,848	44,329,861	-	-	-	355,856,709
Total fund balances	<u>338,246,748</u>	<u>44,329,861</u>	<u>247,067,162</u>	<u>176,948,173</u>	<u>901,077</u>	<u>807,493,021</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 502,276,295</u>	<u>\$ 44,329,861</u>	<u>\$255,751,441</u>	<u>\$177,253,926</u>	<u>\$ 1,870,844</u>	<u>\$ 981,482,367</u>

Table 30

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND - SUB-FUNDS
For The Twelve Months Ended February 28, 2014

	General Operating	Public Contingency	Mobility Fund	General Debt	Other	Consolidating Entries	Total General Fund
REVENUES							
Taxes	\$ 1,077,575,849	\$ 17,144,122	\$ -	\$ 163,711,521	\$ -	\$ -	\$ 1,258,431,492
Charges for services	209,481,518	-	-	-	-	-	209,481,518
User fees	253,136	-	-	-	-	-	253,136
Fines and forfeitures	19,694,646	-	-	-	-	-	19,694,646
Lease revenue	1,421,368	-	-	-	-	-	1,421,368
Intergovernmental	43,167,795	-	7,789	-	-	-	43,175,584
Earnings on investments	1,079,687	(12,626)	513,840	125,217	2,707	-	1,708,825
Miscellaneous	42,665,997	17,211	284,531	166,041	-	-	43,133,780
Total revenues	<u>1,395,339,996</u>	<u>17,148,707</u>	<u>806,160</u>	<u>164,002,779</u>	<u>2,707</u>	<u>-</u>	<u>1,577,300,349</u>
EXPENDITURES							
Current operating:							
Administration of justice	790,533,628	-	-	-	-	-	790,533,628
Parks	57,805,652	-	-	-	-	-	57,805,652
County administration	223,917,834	-	-	-	338,690	-	224,256,524
Health and human services	93,965,032	-	-	-	2,952,449	-	96,917,481
Tax administration	32,378,056	-	-	-	-	-	32,378,056
Roads and bridges	30,625,837	-	45,053,188	-	-	-	75,679,025
Capital outlay	12,753,891	-	25,803,675	-	-	-	38,557,566
Debt service:							
Principal retirement	76,372	-	-	44,675,584	-	-	44,751,956
Bond issuance costs	252,580	-	-	99,850	-	-	352,430
Interest and fiscal charges	333,947	-	-	55,417,160	-	-	55,751,107
Total expenditures	<u>1,242,642,829</u>	<u>-</u>	<u>70,856,863</u>	<u>100,192,594</u>	<u>3,291,139</u>	<u>-</u>	<u>1,416,983,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>152,697,167</u>	<u>17,148,707</u>	<u>(70,050,703)</u>	<u>63,810,185</u>	<u>(3,288,432)</u>	<u>-</u>	<u>160,316,924</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	6,504,866	-	121,529,821	14,456,763	-	(7,716,600)	134,774,850
Transfers out	(21,267,188)	-	(5,920,828)	(38,334,454)	(102,588)	7,716,600	(57,908,458)
Proceeds from loans	805,000	-	-	-	-	-	805,000
Sale of capital assets	1,074,097	-	-	-	-	-	1,074,097
Total other financing sources (uses)	<u>(12,883,225)</u>	<u>-</u>	<u>115,608,993</u>	<u>(23,877,691)</u>	<u>(102,588)</u>	<u>-</u>	<u>78,745,489</u>
Net changes in fund balances	139,813,942	17,148,707	45,558,290	39,932,494	(3,391,020)	-	239,062,413
Fund balances, beginning	198,432,806	27,181,154	201,508,872	137,015,679	4,292,097	-	568,430,608
Fund balances, ending	<u>\$ 338,246,748</u>	<u>\$ 44,329,861</u>	<u>\$ 247,067,162</u>	<u>\$ 176,948,173</u>	<u>\$ 901,077</u>	<u>\$ -</u>	<u>\$ 807,493,021</u>

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY OMB CIRCULAR A-133

County Judge Ed Emmett and
Members of Commissioners Court of
Harris County, Texas:

Report on Compliance for Each Major Federal and State Program

We have audited Harris County, Texas's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of Texas *Uniform Grants Management Standards* ("UGMS") that could have a direct and material effect on each of the County's major federal and state programs for the year ended February 28, 2014. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and UGMS. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended February 28, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and UGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and UGMS

We have audited the financial statements of the County as of and for the year ended February 28, 2014, and have issued our report thereon dated August 28, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the

financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and UGMS and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte Touche LLP

August 28, 2014

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

County Judge Ed Emmett and
Members of Commissioners Court of
Harris County, Texas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Texas (the "County"), as of and for the year ended February 28, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 28, 2014. We did not audit the financial statements of the discretely presented component units which statements reflect 100% of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such discretely presented component units, is based on the reports of the other auditors. The financial statements of the Harris County Sports & Convention Corporation, a blended component unit, were audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards*. The financial statements of the Harris County Housing Finance Corporation, and the Harris County Industrial Development Corporation, discretely presented component units, were audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

August 28, 2014

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2014

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>FEDERAL GRANTS</u>					
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
DIRECT PROGRAMS:					
7086	Lead Hazard Reduction Demonstration Program	14.905	TXLHD0234-11	\$ 662,675	\$ -
7130	Emergency Shelter Grant Program 2008	14.231	S-08-UC-48-0002	8,560	-
7130	Emergency Shelter Grant Program 2009	14.231	S-09-UC-48-0002	2,981	-
7130	Emergency Shelter Grant Program 2011	14.231	E-11-UC-48-0002	70,745	49,677
7130	Emergency Shelter Grant Program 2012	14.231	E-12-UC-48-0002	246,722	164,549
7130	Emergency Shelter Grant Program 2013	14.231	E-13-UC-48-0002	493,059	244,501
7140	HOME Investment Partnership Program 2006	14.239	M-06-UC-48-0215	3,866	-
7140	HOME Investment Partnership Program 2007	14.239	M-07-UC-48-0215	97,104	97,104
7140	HOME Investment Partnership Program 2008	14.239	M-08-UC-48-0215	296,174	296,174
7140	HOME Investment Partnership Program 2009	14.239	M-09-UC-48-0215	627,875	36,585
7140	HOME Investment Partnership Program 2010	14.239	M-10-UC-48-0215	762,459	762,459
7140	HOME Investment Partnership Program 2011	14.239	M-11-UC-48-0215	186,331	44,252
7140	HOME Investment Partnership Program 2012	14.239	M-12-UC-48-0215	592,012	-
7140	HOME Investment Partnership Program 2013	14.239	M-13-UC-48-0215	270,743	-
7200	Shelter Plus Care Program 2011	14.238	N/A	1,146,355	1,079,993
7200	Continuum Care Program 2012	14.267	TX0164L6E001205	434,108	408,259
7200	Continuum Care Program 2012	14.267	TX0172L6E001205	6,238	6,046
7200	Continuum Care Program 2012	14.267	TX0175L6E001205	208,821	192,914
7200	Continuum Care Program 2012	14.267	TX0180L6E001205	458,993	386,813
7200	Continuum Care Program 2012	14.267	TX0208L6E001205	217,154	205,652
7200	Continuum Care Program 2012	14.267	TX0313L6E001202	466,531	448,617
7594	Neighborhood Stabilization Program 3	14.218	B-11-UN-48-0401	1,013,090	-
7594	CDBG - Neighborhood Stabilization Program 2008	14.218	B-08-UN-48-0401	411,892	-
7660	Community Development Block Grant/Entitlement Grants 2006	14.218	B-06-UC-48-0002	182,911	168,805
7660	Community Development Block Grant/Entitlement Grants 2007	14.218	B-07-UC-48-0002	34,019	34,019
7660	Community Development Block Grant/Entitlement Grants 2008	14.218	B-08-UC-48-0002	181,489	-
7660	Community Development Block Grant/Entitlement Grants 2009	14.218	B-09-UC-48-0002	174,192	143,882
7660	Community Development Block Grant/Entitlement Grants 2010	14.218	B-10-UC-48-0002	1,604,045	1,068,122
7660	Community Development Block Grant/Entitlement Grants 2011	14.218	B-11-UC-48-0002	1,146,834	848,776
7660	Community Development Block Grant/Entitlement Grants 2012	14.218	B-12-UC-48-0002	3,016,786	536,712
7660	Community Development Block Grant/Entitlement Grants 2013	14.218	B-13-UC-48-0002	4,865,964	1,142,250
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:					
8112	Community Development Block Grant/Disaster Recovery Program	14.218	70090003	15,097,550	1,593,547
7514	Emergency Solutions Grant PY11	14.231	42110001522	73,821	-
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF RURAL AFFAIRS:					
7517	CDBG Supplemental Disaster Recovery Funds	14.218	DRS010064	9,823,369	-
PASS THROUGH PROGRAMS, TEXAS GENERAL LAND OFFICE:					
7517	CDBG Supplemental Disaster Recovery Funds - Round 2.2	14.218	12-468-000-6624	13,783,883	-
8112	Community Development Block Grant/Disaster Recovery	14.218	12-494-000-6692	574,496	3,793
8112	Community Development Block Grant/Disaster Recovery	14.218	12-497-000-6695	949,930	-
PASS THROUGH PROGRAMS, CITY OF HOUSTON					
7516	CDBG City of Houston - Harris County Eastgate Cemetery	14.218	C1133	372,934	-
7135	Child Care Council 13 ESG	14.231	MC-48-0002	102,773	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				60,669,484	9,963,501
<u>U.S. DEPARTMENT OF JUSTICE</u>					
DIRECT PROGRAMS:					
2610	Sheriff Seized Assets - Justice Department	16.000	N/A	2,380,823	-
1000	State Criminal Alien Assistance Program	16.606	N/A	1,806,033	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2014

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
1000	Southwest Border Prosecution Initiative Grant	16.609	N/A	153,551	-
2575	DA Seized Assets - Justice Department	16.000	N/A	13,540	-
7561	Human Trafficking Initiative - OVC Collaborative '12	16.320	2012-VT-BX-K006	240,883	-
7126	Solving Cold Cases with DNA	16.560	2008-DN-BX-K312	40,356	-
7126	Solving Cold Cases with DNA	16.560	2008-DN-BX-K312	26,191	-
7581	R&D on Forensic Crime Scene and Medicolegal Death Investigation	16.560	2010-DN-BX-K194	107,984	-
7582	Forensic DNA R&D	16.560	2010-DN-BX-K230	28,785	-
7583	Fundamental Research to Improve Understanding of Forensic Science Disciplines	16.560	2010-DN-BX-K222	182	-
7738	Pressure Cycling Technology	16.560	2011-DN-BX-K554	7,532	-
8202	Characterization of Performance Enhancing Peptides	16.560	2013-DN-BX-K020	2,891	-
8206	To Identify Cold Case Decedents	16.560	2013-DN-BX-K013	24,324	-
7553	Harris County Veterans Court	16.585	2012-DC-BX-0002	94,055	-
8039	Family Drug Court Program	16.585	2010-DC-BX-0090	161,222	-
8605	Bulletproof Vest Partnership Program 2012	16.607	BPV-2012	106,765	-
8778	Forensic Casework DNA Backlog Reduction Program	16.741	2011-DN-BX-K422	216,009	-
8778	Forensic Casework DNA Backlog Reduction Program	16.741	2012-DN-BX-0070	326,528	-
8778	Forensic Casework DNA Backlog Reduction Program	16.741	2013-DN-BX-0101	1,567	-
8276	Future Appointed Counsel Training Grant	16.751	2012-DB-BX-0007	132,107	-
PASS THROUGH PROGRAMS, OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION:					
7980	Coordinated Juvenile Crime Enforcement	16.523	JB-11-J20-13316-14	85,424	-
7980	Harris County Juvenile Crime Enforcement Plan	16.523	JB-12-XXX-13316-15	30,671	-
7072	Victims of Crime Act	16.575	VA-12-V30-19974-05	40,497	-
7072	Victims of Crime Act	16.575	VA-13-V30-19974-06	36,555	-
7736	Victim Assistance Officer	16.575	VA-12-V30-24892-02	21,445	-
7737	Victims of Crime Act Formula Grant Program	16.575	VA-12-V30-24601-02	23,889	-
7737	Victims of Crime Act Formula Grant Program	16.575	VA-13-V30-24601-03	6,663	-
8707	Victims Assistance Coordinator	16.575	VA-12-V30-18216-07	45,907	-
8003	Crime Victims Assistance Deputy	16.575	VA-12-XXX-24437-02	42,845	-
8003	Victim's Assistance Deputy	16.575	VA-13-V30-24437-03	44,970	-
8708	Domestic Violence Deputy	16.575	VA-12-V30-25866-01	47,686	-
8708	Domestic Violence Deputy	16.575	VA-13-V30-25866-02	40,681	-
7543	Violence Against Women Formula Grant	16.588	WF-12-V30-21326-04	14,510	-
7572	Family Violence Prosecution and Protective Order Project	16.588	WF-13-V30-17204-10	89,498	-
7611	Domestic Violence and Child Abuse: Services and Training	16.588	WF-12-V30-24822-02	31,641	-
7611	Domestic Violence and Child Abuse: Services and Training	16.588	WF-13-V30-24822-03	14,516	-
7739	Specialized Investigator	16.588	WF-12-V30-24745-02	32,731	-
7739	Specialized Investigator	16.588	WF-13-V30-24745-03	26,517	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	WF-12-V30-13456-15	28,891	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	WF-13-V30-13456-16	27,434	-
8705	Crime Victims Assistance Unit - Pct.5	16.588	WF-12-V30-18112-08	37,190	-
8705	Crime Victims Assistance Unit - Pct.5	16.588	WF-13-V30-18112-09	36,797	-
8711	Protective Order Prosecutor Project	16.588	WF-12-V30-13457-15	37,460	-
8760	Caseworker Intervention Expansion Project	16.588	WF-12-V30-13454-15	38,675	-
8766	Felony Family Violence Caseworker Project	16.588	WF-12-V30-17204-09	28,107	-
8960	Police Training for Violence Against Women	16.588	WF-12-V30-13455-15	40,933	-
7019	STAR - Success Through Addiction Recovery Drug Court Program	16.738	DJ-11-A10-16920-10	44,965	-
7076	High Crime Area Prevention Unit FY'13	16.738	DJ-10-A10-25344-02	32,169	-
7301	Multi Agency Gang Project	16.738	DJ-11-A10-25428-02	283	-
7706	Justice Assistance Grant	16.738	DJ-11-A10-27104-01	57,745	-
8201	Human Trafficking Investigator - Pct. 4	16.738	DJ-11-A10-26772-01	29,336	-
8204	In-Car Computer Replacement Project, Pct. 8	16.738	DJ-11-A10-26729-01	61,727	-
8410	New Choices	16.738	DJ-10-A10-14878-15	175,988	-
8410	New Choices	16.593	RT-13-A10-14878-16	74,313	-
8676	Harris County Medical Examiner Office Coverdell Improvement Project	16.742	CD-12-A10-17480-08	90,005	-
PASS THROUGH PROGRAMS, CITY OF HOUSTON:					
8715	2010 Justice Assistance Grant	16.738	2010-DJ-BX-1032	621,513	-
8715	2011 Justice Assistance Grant	16.738	2011-DJ-BX-3222	5,564	-
8715	2012 Justice Assistance Grant	16.738	2012-DJ-BX-0536	363,598	-
8715	2013 Justice Assistance Grant	16.738	2013-DJ-BX-1068	292,221	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2014

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
PASS THROUGH PROGRAMS, SAM HOUSTON STATE UNIVERSITY:					
7707	Project Safe Neighborhood	16.609	321-20-C52B	1,898	-
TOTAL U.S. DEPARTMENT OF JUSTICE				8,674,786	-
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
DIRECT PROGRAMS:					
7054	Houston Urbanized Area Formula Funds	20.507	T0701	339,308	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X824-00	342,570	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X853-00	1,795	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X919-00	785,319	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X967-00	190,573	-
PASS THROUGH PROGRAMS, METROPOLITAN TRANSIT AUTHORITY:					
7062	New Freedom Transportation- RIDES	20.521	N/A	406,901	-
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF TRANSPORTATION:					
7502	Houston TranStar Expansion	20.205	12-0XXF5007	4,335,817	-
7502	Houston TranStar Expansion	20.205	12-0XXF5007	113,351	-
7578	Houston TranStar Building Improvement	20.205	12-1XXF5013	2,226,756	-
8910	Motorist Assistance Program	20.205	12-2XXF5019	333,333	-
8910	Motorist Assistance Program	20.205	12-3XXF5021	457,576	-
7416	Elderly and Disabled Transportation Program	20.513	51912F7218	6,288	-
7416	Elderly and Disabled Transportation Program	20.513	51012F7271	7,794	-
7416	Elderly and Disabled Transportation Program	20.513	51212F7166	194,883	-
7416	Elderly and Disabled Transportation Program	20.513	51412F7152	402	-
7057	STEP - Comprehensive FY13	20.600	2012-HARRISP7-S-1YG-0059	57,967	-
7057	STEP - Comprehensive FY14	20.600	2014-HarrisP7-S-1YG-0065	51,969	-
7562	No Refusal Program	20.600	2011-HARRISDA-G-3YG-0026	132,487	-
7562	No Refusal DWI Program	20.601	2014-HarrisDA-G-1YG-0114	82,824	-
7328	STEP Incentive Grant - IDM - 2013	20.601	2013-HARRISP8-INC-IDM-00010	3,000	-
7601	STEP - Click it or Ticket it	20.600	2013-HarrisCo-CIOT-00025	28,163	-
8865	STEP - Single Year - 2013 DWI	20.600	2013-HARRIS4-S-1YG-0060	26,453	-
8865	STEP - Single Year - 2014 DWI	20.600	2014-HARRIS4-S-1YG-0013	15,473	-
8895	STEP - Comprehensive	20.600	2011-HARRISCO-S-3YG-0013	152,470	-
8895	STEP - Comprehensive	20.600	2014-HarrisCo-S-1YG-0003	117,315	-
PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:					
7203	Regional DWI Task Force Grant	20.600	N/A	6,565	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				10,417,352	-
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:					
8320	WIC - Obesity Prevention	10.557	2013-042680	5,491,072	-
8320	WIC - Obesity Prevention	10.557	2014-045055	3,305,631	-
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF AGRICULTURE:					
1000	National School Lunch and Breakfast Program - Juvenile Probation	10.553	75F4006	905,861	-
	National School Lunch Program Commodities - Juvenile Probation	10.555	75F4006	20,430	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				9,722,994	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2014

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
DIRECT PROGRAMS:					
7322	FDA Foodborne Illness Reduction	93.103	1U18FD004659-01	54,058	-
7479	Specialized Substance Abuse and Trauma Treatment for Females	93.243	5H79TI021529-03	65,138	-
8040	Basic Center Program for Runaway and Homeless Youth	93.623	90CY6434/01	71,347	-
8040	Basic Center Program for Runaway and Homeless Youth	93.623	90CY6434-02-00	81,101	-
8200	Ryan White Title I - Formula & Supplemental	93.914	H89HA00004-22	3,163,607	3,030,968
8200	Ryan White Title I - Formula & Supplemental	93.914	H89HA00004-23	16,104,630	14,038,348
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:					
7312	Preparedness and Prevention Community Section/Bioterrorism Discretionary	93.069	2013-041088-004	182,759	-
7312	Preparedness and Prevention Community Section/Bioterrorism Discretionary	93.069	2014-045411-001	1,242	-
8090	Tuberculosis Prevention and Control	93.116	2013-041088-001A	191,849	-
8090	Tuberculosis Prevention and Control	93.116	2014-001425-00	127,384	-
7375	Cities Readiness Initiative	93.283	2013-041088-003	246,432	-
7375	Cities Readiness Initiative	93.069	2014-001285-00	204,992	-
7607	Public Health Emergency Preparedness	93.283	2013-041088-005	798,575	-
7607	Public Health Emergency Preparedness	93.069	2014-001280-00	559,328	-
7716	Preparedness and Prevention Community Section/Risk Based	93.069	2012-040267-001	70,229	-
8215	Infectious Disease Epidemiology and Surveillance - West Nile	93.283	2013-041088-007A	79,270	-
8215	Infectious Disease Epidemiology and Surveillance - West Nile	92.283	2014-001228-00	48,879	-
8060	Refugee Health Screening Program	93.576	2013-041088-008	1,402,987	-
8060	Refugee Health Screening Program	93.576	2014-001213-00	1,139,052	-
8110	Title X - HIV Prevention/Family Planning	93.217	2013-042366-001	20,505	-
8110	Title X - Family Planning Fees	93.667	2012-040714-001A	511,949	-
8140	HIV Rapid Testing	93.940	2012-043074-001	156,943	-
8140	HIV Rapid Testing	93.940	2014-002620-00	22,024	-
8050	Title V - Family Planning	93.994	2013-042495-001	268,703	-
8050	Title V - Family Planning	93.994	2014-044587-001	144,093	-
PASS THROUGH PROGRAMS, TEXAS OFFICE OF THE ATTORNEY GENERAL:					
7003	Access and Visitation Shared Parenting	93.597	13-C0108	42,286	-
7003	Access and Visitation Shared Parenting	93.597	13-C0108	49,056	-
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:					
8488	Community Youth Development FY13	93.556	23794361	193,657	126,162
8488	Community Youth Development FY14	93.556	23794361	128,460	84,592
7007	Title IV-E Legal Services	93.658	23941790	1,000,425	-
7007	Title IV-E Legal Services	93.658	23941790	612,055	-
8487	Chafee Foster Care Independence Program (PAL)	93.674	23787501	712,075	-
8487	Chafee Foster Care Independence Program (PAL) - PAC 204	93.674	23787501	115,628	-
8487	Chafee Foster Care Independence Program (PAL) - PAC 206	93.674	23787501	353,875	-
PASS THROUGH PROGRAMS, TEXAS CENTER FOR THE JUDICIARY:					
7316	Infant Injury & Child Abuse Forensic Research Support	93.643	CJA-13-10	38,075	-
7317	Child Abuse: Diagnosis to Prosecution - Conference	93.643	CJA-13-09	17,610	-
8116	Development of a Method to Evaluate Bone Health of Infants and Young Children	93.643	CJA-14-03	19,137	-
PASS THROUGH PROGRAMS, TEXAS STATE UNIVERSITY					
7314	FY2013 Tobacco Enforcement Program	93.058	N/A	3,900	-
7314	FY2014 Tobacco Enforcement Program	93.058	N/A	4,275	-
7314	FY2013 Tobacco Enforcement Program	93.058	N/A	4,227	-
7314	FY2014 Tobacco Enforcement Program	93.058	N/A	359	-
PASS THROUGH PROGRAMS, TEXAS WORKFORCE COMMISSION:					
7024	Temporary Assistance for Needy Families (TANF) - Foster Youth Project	93.558	2813TAN001	161,096	-
7024	Temporary Assistance for Needy Families (TANF) - Foster Youth Project	93.558	2814TAN001	71,891	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2014

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
PASS THROUGH PROGRAMS, UNIVERSITY OF TEXAS PREVENTION RESEARCH CENTER:					
7982	UT: Health Promotion and Disease Prevention Centers	93.135	0007160A	12,330	-
7982	UT: Health Promotion and Disease Prevention Centers	93.135	0009778A	4,651	-
7315	Teenage Pregnancy Prevention Replication Projects	93.297	0008092	24,368	-
7315	Teenage Pregnancy Prevention Replication Projects	93.297	0008092	26,590	-
7591	Teenage Pregnancy Prevention (TPP)	93.297	0008092B	1,652	-
7591	Teenage Pregnancy Prevention	93.297	0008092B	5,086	-
PASS THROUGH PROGRAMS, THE SUPREME COURT OF TEXAS					
8047	Changing Lives - Breaking the Cycle	93.586	201-13-00051	17,747	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				29,337,587	17,280,070
<u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u>					
DIRECT PROGRAMS:					
8008	Major Squad 2011	95.001	G11HN0004A	249,154	-
8008	Houston Money Laundering 2011	95.001	G11HN0004A	7,540	-
8008	Major Drug Squad 2012 - Pct. 1	95.001	G12HN0004A	7,450	-
8008	Major Drug Squad 2012	95.001	G12HN0004A	659,192	-
8008	Houston Money Laundering 2012	95.001	G12HN0004A	529,862	-
8008	Houston Intelligence Support Center 2012	95.001	G12HN0004A	59,888	-
8008	Truck, Air, Rail, and Port 2012	95.001	G12HN0004A	33,904	-
8008	HIDTA Training Initiative	95.001	G12HN0004A	33,532	-
8008	Major Drug Squad 2013 - Pct. 1	95.001	G13HN0004A	5,296	-
8008	Major Drug Squad 2013	95.001	G13HN0004A	58,408	-
8008	Houston Money Laundering 2013	95.001	G13HN0004A	6,834	-
8008	Houston Intelligence Support Center 2013	95.001	G13HN0004A	35,837	-
8008	Truck, Air, Rail, and Port 2013	95.001	G13HN0004A	13,148	-
8620	Houston Money Laundering 2003	95.001	N/A	1,800	-
TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY				1,701,845	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>					
DIRECT PROGRAMS:					
8034	Port Security Grant Program	97.056	2008-GB-T8-K006	12,466,648	12,407,753
8034	Port Security Grant Program	97.056	2009-PU-T9-K011	20,228,061	20,159,076
8034	Port Security Grant Program	97.056	2010-PU-T0-K002	6,074,226	4,055,752
8034	Port Security Grant Program	97.056	EMW-2011-PU-K00146	3,789,423	3,456,868
PASS THROUGH PROGRAMS, UNITED WAY:					
7280	FEMA Phase XXV - Emergency Food & Shelter Program	97.024	N/A	237,389	-
7280	FEMA Phase XXV - Emergency Food & Shelter Program	97.024	N/A	161,456	-
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF PUBLIC SAFETY:					
7016	Urban Area Security Initiative	97.008	2010-SS-T0-0008	1,246,547	-
7016	Urban Area Security Initiative	97.008	EMW-2011-SS-00019	8,996,448	-
7016	Urban Area Security Initiative	97.008	EMW-2012-SS-00018	4,097,447	-
7016	Urban Area Security Initiative	97.067	EMW-2013-SS-00045	84,880	-
7107	Citizens Corps Grant FY2011	97.053	EMW-2011-SS-00019	7,057	-
7289	Emergency Management Performance Grant FY13	97.042	13TX-EMPG-0348	292,164	-
7558	Regional Catastrophic Preparedness Initiative '10	97.111	2010-CA-T0-0005	15,048	-
8525	Homeland Security Grant Program	97.073	EMW-2011-SS-00019	49,846	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				57,746,640	40,079,449

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2014

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>					
PASS THROUGH PROGRAMS, TEXAS STATE LIBRARY AND ARCHIVES COMMISSION:					
7318	Read, Educate, Create @ HCPL - Northwest Branch Library	45.310	475-13019	1,451	-
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES				1,451	-
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>					
DIRECT PROGRAMS:					
7327	Bridging Cultures Bookshelf	45.164	N/A	700	-
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES				700	-
<u>U.S. DEPARTMENT OF THE INTERIOR</u>					
DIRECT PROGRAMS:					
7421	Coastal Impact Assistance Program	15.668	F12AP00071	82,782	80,072
7421	Coastal Impact Assistance Program	15.668	F12AF01191	207,762	205,685
7421	Coastal Impact Assistance Program	15.668	F12AF01241	1,581	1,171
7421	Coastal Impact Assistance Program	15.668	F12AF01197	18,394	16,634
7421	Coastal Impact Assistance Program	15.668	F12AF01196	813	-
7421	Coastal Impact Assistance Program	15.668	F13AF00131	515	-
7421	Coastal Impact Assistance Program	15.668	F12AF01196	63,428	-
7421	Coastal Impact Assistance Program	15.668	F12AF00816	1,150,906	1,147,353
7421	Coastal Impact Assistance Program	15.668	F12AF00943	58	58
7421	Coastal Impact Assistance Program	15.668	F12AF01192	1,029	439
7421	Coastal Impact Assistance Program	15.668	F12AF01256	950	-
7421	Coastal Impact Assistance Program	15.668	F14AF00197	43,598	-
7421	Coastal Impact Assistance Program	15.668	F13AF00231	615	-
7421	Coastal Impact Assistance Program	15.668	F13AF00020	947	-
7421	Coastal Impact Assistance Program	15.668	F13AF00019	444	-
7421	Coastal Impact Assistance Program	15.668	F13AF00020	11,509	11,509
7421	Coastal Impact Assistance Program	15.668	F13AF00019	30,313	-
7421	Coastal Impact Assistance Program	15.668	F12AF01256	78,522	-
7421	Coastal Impact Assistance Program	15.668	F12AF00943	652	-
7421	Coastal Impact Assistance Program	15.668	F12AF01247	455	-
7421	Coastal Impact Assistance Program	15.668	F12AF01252	30,011	29,221
7421	Coastal Impact Assistance Program	15.668	F12AF01366	459	-
7421	Coastal Impact Assistance Program	15.668	F12AF01268	194,032	194,000
PASS THROUGH PROGRAMS, UNIVERSITY OF TEXAS AT AUSTIN LADY BIRD JOHNSON WILDFLOWER CENTER:					
7326	Prairie Dawn Conservation	15.615	N/A	23,743	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR				1,943,518	1,686,142
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
DIRECT PROGRAMS:					
2600	Sheriff Seized Assets	21.000	N/A	402,925	-
PASS THROUGH PROGRAMS, DEPARTMENT OF HOMELAND SECURITY:					
7598	Homeland Security Investigations '11	21.000	N/A	1,431	-
7598	Homeland Security Investigations	21.000	N/A	322	-
TOTAL U.S. DEPARTMENT OF TREASURY				404,678	-
TOTAL EXPENDITURES OF FEDERAL AWARDS (EXCLUDING ARRA FEDERAL GRANTS)				\$ 180,621,035	\$ 69,009,162

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2014

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>ARRA FEDERAL GRANTS</u>					
<u>U.S. DEPARTMENT OF COMMERCE</u>					
PASS THROUGH PROGRAMS, TEXAS STATE LIBRARY AND ARCHIVES COMMISSION:					
7596	ARRA Public Computer Center Grant	11.557	461-11015	\$ 75,058	\$ -
TOTAL U.S. DEPARTMENT OF COMMERCE - ARRA GRANT				75,058	-
<u>U.S. DEPARTMENT OF JUSTICE</u>					
PASS THROUGH PROGRAMS, CITY OF HOUSTON:					
7529	ARRA JAG Formula Allocation	16.804	2009-SB-B9-0717	1,467,976	-
TOTAL U.S. DEPARTMENT OF JUSTICE - ARRA GRANTS				1,467,976	-
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
DIRECT PROGRAMS:					
7509	ARRA Houston Urbanized Area Formula	20.507	TX-96-X041-00	130,355	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION - ARRA GRANTS				130,355	-
TOTAL EXPENDITURES OF ARRA FEDERAL AWARDS				\$ 1,673,389	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 182,294,424	\$ 69,009,162
<u>STATE GRANTS</u>					
<u>OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION</u>					
DIRECT PROGRAMS:					
7019	STAR - Success Through Addiction Recovery Drug Court Program	N/A	SF-14-A10-16920-11	\$ 81,320	\$ -
7301	Multi-Agency Gang Project	N/A	CM-12-A10-25428-01	1,587,889	-
7321	Yates High School Gang Free Zone	N/A	SF-13-J20-25677-01	46,355	-
7321	Yates High School Gang Free Zone	N/A	SF-14-J20-25677-02	36,428	-
7323	Re-Entry Youth Empowerment Program	N/A	SF-13-J20-25902-01	16,402	-
7324	Spring Branch Delinquency and Dropout Program	N/A	SF-13-J20-25791-01	68,493	68,493
7324	Spring Branch Delinquency and Dropout Program	N/A	SF-14-J20-25791-02	55,864	54,769
7325	Delinquency and Dropout in Alief ISD	N/A	SF-13-J20-25698-01	68,796	68,796
7325	Delinquency and Dropout in Alief ISD	N/A	SF-14-J20-25698-02	47,552	46,619
7553	Veterans' Court Program	N/A	DC-13-A10-22830-04	87,592	-
7553	Veterans' Court Program	N/A	DC-14-A10-22830-05	51,922	-
7577	Gang Prevention Youth Mentoring Grant	N/A	SF-13-J20-23697-03	31,864	-
7613	State Drug Court Training	N/A	SF-13-A10-26122-01	124,236	-
8768	DC - Drug Court Program	N/A	DC-13-A10-17374-09	53,403	-
8768	DC - Drug Court Program	N/A	DC-14-A10-17374-10	30,758	-
PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:					
8641	Regional Law Enforcement Training Program	N/A	N/A	17,573	-
8641	Regional Law Enforcement Training Program	N/A	N/A	19,818	-
TOTAL OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION				2,426,265	238,677

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2014

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>TEXAS PARKS AND WILDLIFE DEPARTMENT</u>					
DIRECT PROGRAMS:					
7606	Buffalo Bend Nature Park	N/A	55-000013	17,950	-
8114	Armand Bayou Nature Center	N/A	51-000066	263,348	-
TOTAL TEXAS PARKS AND WILDLIFE DEPARTMENT				281,298	-
<u>TEXAS OFFICE OF THE ATTORNEY GENERAL</u>					
DIRECT PROGRAMS:					
8270	Texas Automated Victim Notification - VINE	N/A	1336874	59,810	-
8270	Texas Automated Victim Notification - VINE	N/A	1445717	56,820	-
TOTAL TEXAS OFFICE OF THE ATTORNEY GENERAL				116,630	-
<u>TEXAS DEPARTMENT OF STATE HEALTH SERVICES</u>					
DIRECT PROGRAMS:					
7204	Expanded Primary Health Care	N/A	2014-045359-001	115,126	-
8020	Tuberculosis Prevention and Control	N/A	2013-041088-002	263,350	-
8020	Tuberculosis Prevention and Control	N/A	2014-001430-00	173,711	-
8030	Regional and Local Services	N/A	2013-041088-006	176,979	-
8030	Regional and Local Services	N/A	2014-001294-00	104,396	-
8110	Family Planning Fees	N/A	2014-045045-001	628,931	-
PASS THROUGH PROGRAMS, THE RESOURCE GROUP:					
8515	Early Medical Intervention Program	N/A	13HCS00SS	97,262	-
8515	Early Medical Intervention Program	N/A	14HCS00SS	89,826	-
TOTAL TEXAS DEPARTMENT OF STATE HEALTH SERVICES				1,649,581	-
<u>TEXAS DEPARTMENT OF MOTOR VEHICLES</u>					
PASS THROUGH PROGRAMS, AUTOMOBILE THEFT PREVENTION AUTHORITY:					
8710	Auto Theft Division	N/A	SA-T01-10052-13	653,170	-
8710	Auto Theft Division	N/A	2014-T01-Harris C -00005	494,252	-
TOTAL TEXAS DEPARTMENT OF MOTOR VEHICLES				1,147,422	-
<u>THE SUPREME COURT OF TEXAS</u>					
DIRECT PROGRAMS:					
7709	Dedicated MDL Asbestos Court	N/A	201-13-00001	65,391	-
7709	Dedicated MDL Asbestos Court	N/A	201-14-00001	41,032	-
TOTAL THE SUPREME COURT OF TEXAS				106,423	-
<u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u>					
DIRECT PROGRAMS:					
7222	Low Income Vehicle Repair Assistance Program	N/A	582-12-20273	1,291,612	1,291,612
7222	Low Income Vehicle Repair Assistance Program	N/A	582-12-20273	1,932,811	1,932,811
7222	Low Income Vehicle Repair Assistance Program	N/A	582-12-20273	115,107	115,107
7504	LIRAP - Local Initiative Project	N/A	582-8-89962	3,738	-
7504	LIRAP - Local Initiative Project	N/A	582-8-89962	693,063	-
7504	LIRAP - Local Initiative Project	N/A	582-8-89962	3,158	-
7504	LIRAP - Local Initiative Project	N/A	582-8-89962	33,710	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2014

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
PASS THROUGH PROGRAMS, HOUSTON GALVESTON AREA COUNCIL:					
7319	Environmental Crimes Prosecutor '12	N/A	12-16-G02	53,596	-
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY				4,126,795	3,339,530
<u>TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES</u>					
DIRECT PROGRAMS:					
8488	Community Youth Development FY13	N/A	23794361	193,657	126,162
8488	Community Youth Development FY14	N/A	23794361	128,460	84,592
TOTAL TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES				322,117	210,754
<u>TEXAS DEPARTMENT OF AGRICULTURE</u>					
PASS THROUGH PROGRAMS, FOUNDATION PRECINCT2GETHER:					
8001	Texans Feeding Texans: Home-Delivered Meal Grant	N/A	HDM-12-863	6,306	-
TOTAL TEXAS DEPARTMENT OF AGRICULTURE				6,306	-
<u>TEXAS OFFICE OF COURT ADMINISTRATION</u>					
DIRECT PROGRAMS:					
1000	Indigent Defense Formula Grant	N/A	N/A	5,100,478	-
8275	Public Defender Pilot Program	N/A	212-13-D03	988,970	-
8275	Public Defender Pilot Program	N/A	212-14-D03	623,472	-
8277	Mental Health Attorney Certification Program	N/A	212-14-D12	7,208	-
TOTAL TEXAS OFFICE OF COURT ADMINISTRATION				6,720,128	-
TOTAL EXPENDITURES OF STATE AWARDS				\$ 16,902,965	\$ 3,788,961
GRAND TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS				\$ 199,197,389	\$ 72,798,123

See notes to schedule.

HARRIS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2014

1. The accompanying schedule of expenditures of federal and state awards includes the federal grant activity and state grant activity of the County and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal and state awards provided to sub-recipients are treated as expenditures when paid to the sub-recipient.

2. Reconciliation of the Schedule of Expenditures of Federal and State Awards to Grants Special Revenue Fund of the Comprehensive Annual Financial Report (“CAFR”) for the year ended February 28, 2014:

Federal expenditures (excluding ARRA Federal Grants) per schedule	\$	180,621,035
ARRA Federal expenditures per schedule		1,673,389
State expenditures per schedule		<u>16,902,965</u>
Subtotal		199,197,389
Add:		
County funded portion of grants		16,639,388
Local grants		7,984,816
Less:		
Trial Balance adjustments for modified accrual basis of accounting		(3,084,719)
Grants - other fund types		<u>(10,783,642)</u>
Total	\$	<u><u>209,953,232</u></u>
Balance per CAFR - Grants Special Revenue Fund	\$	<u><u>209,953,232</u></u>

HARRIS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2014

3. Reporting Entity - The County, for purposes of the supplementary schedule of expenditures of federal and state awards includes all the funds of the primary government as defined by the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." It does not include the following component units of the County as follows:

Harris County Hospital District
Harris County Flood Control District
Harris County Juvenile Board
Mental Health and Mental Retardation Authority
The Children's Assessment Center Foundation

These component units also receive federal financial assistance but separately satisfy the audit requirements of OMB Circular A-133 by engaging other auditors to perform an audit in accordance with OMB Circular A-133.

4. Noncash Awards - Certain federal financial award programs do not involve cash awards to Harris County. These programs include commodities as follows:

U.S. Department of Agriculture

Donated Commodities (CFDA #10.555)

Value of commodities issued	\$	20,430
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**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2014**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified.
Internal control over financial reporting: Material weakness (es) identified?	No.
Significant deficiency (ies) identified not considered to be a material weakness?	None reported.
Noncompliance material to financial statements noted?	No.

Federal Awards

Internal control over major programs: Material weakness (es) identified?	No.
Significant deficiency (ies) identified not considered to be a material weakness?	None reported.
Type of auditors' report issued on compliance for major programs:	Unmodified.
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section 510(a))?	No.

Identification of major programs:

Name of Major Federal/State Program	CFDA Number
STAR - Success Through Addiction Recovery Drug Court Program	16.738
High Crime Area Prevention Unit	16.738
Multi Agency Gang Project	16.738
Human Trafficking Investigator - Pct. 4	16.738
In-Car Computer Replacement Project, Pct. 8	16.738
New Choices	16.738
Justice Assistance Grant	16.738
ARRA JAG Formula Allocation	16.804
Houston Urbanized Area Formula Funds	20.507
ARRA Houston Urbanized Area Formula	20.507
Port Security Grant Program	97.056
Indigent Defense Formula Grant	State
Multi-Agency Gang Project	State
Family Planning Fees	State

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2014**

Dollar threshold used to distinguish between Type A and
Type B programs:

\$3,000,000 and \$507,089
for federal and state, respectively

Auditee qualified as a low-risk auditee?

Yes.

II. FINANCIAL STATEMENT FINDINGS SECTION

None noted.

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION

None noted.

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2014**

IV. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Program	Finding/Noncompliance	Questioned Cost
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Finding 03-01

N/A

Condition: The Harris County Sports & Convention Corporation’s (the “Corporation”), a blended component unit of Harris County, Texas (the “County”), investment activities are governed by the State of Texas Public Funds Investment Act (the “Act”). The Corporation made a \$12 million investment in the Harris County – Houston Sports Authority’s Subordinate Lien Notes Series 2001 C-1 and Series C-2 (the “Notes”) that were not in compliance with the Act, because the Notes did not receive a rating from at least one nationally recognized investment rating firm.

Criteria: Under the Act, the Corporation is authorized to invest in (1) direct debt securities of the United States or its Agencies, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States, (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

Recommendation: Ensure compliance with the Act.

FY 2013 Status: The Corporation agrees that this investment does not comply with the Texas Public Investment Act; however, the Corporation has been unable to divest itself of the Notes. The Corporation has adopted an investment policy that prohibits future investments that do not comply with the Act.

Estimated Completion Date: Maturity of Notes.

County Contact Person: Kevin Hoffman, Deputy Executive Director of Harris County Sports & Convention Corporation.

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2014**

Program	Finding/Noncompliance	Questioned Cost
	Finding 13 -01	N/A
	<p><u>SEFA Preparation Control Deficiency:</u> In testing the Schedule of Expenditures of Federal and State Awards (“SEFA”) dated February 28, 2013, we encountered two grants that were selected as major programs for testing that did not represent grant funds and should have therefore been excluded from the SEFA.</p> <p><u>Condition:</u> The Concrete Services grants (CFDS no. 93.658) were originally included in the preliminary 2/28/13 SEFA as federal programs expended by the County. It was determined through inquiry and corroboration that the County is not a sub-recipient of the grant but rather qualifies as a vendor, and the awards should not have been included on the SEFA. The total amount of funding in question related to these grants is \$203,068.</p> <p>Certain state programs identified as “Children’s Advocacy Center” grants were incorrectly included on the preliminary SEFA. It was determined through inquiry and corroboration that the County is not a sub-recipient of the grant but rather qualifies as a vendor, and the awards should not have been included on the SEFA. The total amount included in the preliminary SEFA related to these grants was \$616,666.</p> <p><u>Criteria:</u> Per OMB Circular A-133 and the AICPA Audit Guide- <i>Government Auditing Standards and Circular A-133 Audits</i> (AAG-SLA), a sub-recipient is when an entity receives federal funding from a pass-through agency and:</p> <ul style="list-style-type: none"> • Determines who is eligible to receive what federal financial assistance; • Has its performance measured against whether the objectives of the federal program are met; • Has responsibility for programmatic decision making; • Has responsibility for adherence to compliance requirements applicable to the federal program; and • Uses the federal funds to carry out a program of the entity as compared to providing goods or services for a program of the pass-through entity (AAG-SLA 12.10). <p>We do not believe the County has met the above criteria related to the Children’s Advocacy Center grants. In addition, the Texas Department of Family and Protective Services has provided written confirmation that the County is not a sub-recipient for the concrete services grants listed under CFDA 93.658.</p>	

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2014**

Program	Finding/Noncompliance	Questioned Cost
	<p data-bbox="404 346 1260 443"><u>Impact:</u> The SEFA could include other grant funding that is not received as a sub-recipient, and therefore the schedule would overstate grant expenditures.</p> <p data-bbox="404 478 1260 537"><u>Recommendation:</u> The County Auditor’s Office should confirm with the respective departments the County’s status as vendors or sub-recipients.</p> <p data-bbox="404 573 1284 741"><u>Status:</u> The County Auditor’s Office continues to work with the awarding agencies and the respective County Departments to determine the County’s status as vendor or sub-recipient. In addition, a new background part was created, in the County’s financial system to track “vendor contracts” which will then be excluded when preparing the SEFA.</p> <p data-bbox="404 777 1052 806"><u>County Contact Person:</u> Paul Wilden, Grants Manager.</p>	